EUROPE'S BUSINESS NEWSPAPER

Tuesday February 23 1988

World News

Balkan foreign ministers to meet

Foreign ministers of six Balkan countries were to meet in Bel-grade for the most significant meeting the peninsula had seen since the Second World War. Yugoslavia, Greece, Turkey, Bulgaria, Romania and Albania were hoping to create a better climate in multilateral relations with the object of resolving bilateral disputes. Page 20

Hard line on Cyprus

Newly-elected President George Vassilloo of Cyprus indicated he would continue his predeces-sor's hard-line policy on a set-tlement fur the divided island

Paris bomb blasts

Two bombs exploded in Paris. hours before a founder of French urban guerrilla group Action Directe was due to go on trial charged with armed rob-

UK tightens air control

A helicopter was involved in a near-miss with a jet fighter over north-east Scotland just hours after Britain's Civil Avistion Authority said it would delay take-offs and landings at UK airports at peak times. The latest incident brings the number of near-misses in the last two weeks to three, Page 8

Land Rover stoppage

Employees of British vehicle. group Land Rover began a strike, demanding a pay deal to match a 14 per cent increase won by striking UK Ford car workers. Page 7

US trucks attacked

Four incendiary devices exploded on US army trucks at a military base east of Stutt-gart, causing damage estimated at DM5,000 (\$2,950).

Austrian tax dispute:

Austria's coalition Government was locked in a bitter dispute over how the country's out-dated tax system could be reformed. Page 2

Salvador disruption

transport by calling for a ban on traffic and cut power supplies across the country by sabotaging electricity pylons, in a drive against local elections scheduled for next month.

Czech corruption

A corruption scandal in Cze-choslovakia, involving senior government and party officials who received whisky, furs and furniture in return for money and favours, resulted in the dis-missal of two senior officials and reprimands for 11 others.

Iran frees 1,300

Iran freed more than 1,300 prisoners from jails in three provinces as part of a pardon marking the anniversary of its national news agency Irna said.

Zambian crackdown

Zambian police, acting under sweeping emergency powers, seized more than 2m kwacha (\$250,000) in cash and an undisclosed amount of foreign currency in a crackdown on black marketeers.

New Caledonia clash Kanak separatists in New Cale-donia fought with police, taking nine hostage and injuring 17.

Peking plot revealed

The memoirs of Soviet President Andrei Gromyko, soon to be published in Moscow, detailed a secret 1958 Chinese plot to inre US troops into China's heartland and bombard them with Soviet nuclear weap-ons, the New York Times reported.

Tidal wave barrier

Burope

America ..

Overseas -

World Trade .

Companies

Companies

Bengiadesh said it would spend \$15m creating a mangrove for-est to shield people along its coast from cyclones and tidal WAVES.

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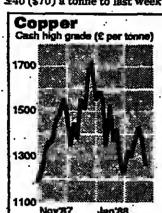
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Business Summary Les Echos protests at delay over Pearson bid

PUBLICATION of Les Echos French financial daily newspa per, was halted by managemen in protest at the French Gov-ernment's decision to delay a ruling on a £88m (\$149.6m) cash and shares offer for the newspaper by Pearson, UK information and industrial group which publishes the Financial Times. The bid was first announced last month.Page 21

WESTINGHOUSE ELECTRIC of the US and AEG, West German electrical group owned by Daimler Benz, have agreed to combine their transport businesses. Page 21

COPPER PRICES fell sharply with cash metal adding a fall of \$40 (\$70) a tonne to last week's



fall of \$80 a tonne, closing at £1,272.50. Page 32

LONDON: International conglomerates were boosted by a favourable Warburg Securities review. The FT-SE 100 Index closed up 17.4 at 1,747.2. Page

TOKYO: Concern over high-prices trimmed some of the market's early gains but shares closed higher for the eighth-consecutive day. The Nikkei average closed up 73.3 points at 24,846.71. Page 44

WALL STREET: The Dow Jones industrial average closed 25.70 mp at 2,040.29. Page 44 DOLLAR closed in New York at Dml 6975, Y129.30, FPro 7395 and SFr1 3920. It closed in Lon-Y129.20 (Y130.05); FF15.7350 (FFr6.7700); and SFr1.8900 (SFr1.3990). Page 33

STERLING closed in New York at \$1.7605. It closed in London at \$1.7650; DM2.9925 (DM2.9850); Y228.00 (Y227.50); FFr10.1225 (FFr10.0925); and SFr2.4525 (SFr2.4475). Page 33

and industrial refrigeration equipment by taking over Alpen Inox of Italy. Page 22

AGA, Swedish industrial gas group, plans to set up a plant in Rotterdam, Netherlands, to increase its European produc-tion capacity for carbon dioxide gas by between 15 and 20 per cent. Page 22

MOLLER-MAERSK. Danish shipping group with one of the largest fleets in the world, has taken investment decisions estimated to involve about \$2.5bn in recent months. Page \$2

Moscow talks make headway

Shamir threatens to

call general election

over peace policy rift

Murphy.
In his address to the Knesset

committee, the Prime Minister said the US would not have revived its dormant peace initiative if Israel had quelled the disturbances in the occupied

territories in their early days. He said the US had previously planned no new effort ontil after its own Presidential elections in November.

Meanwhile, Mr Yossef Harish,

MR YITZHAK SHAMIR, the Israel Prime Minister, gave a ahead of Thursday's scheduled warning yesterday that he may be forced into calling an early Shultz, the US Secretary of general election if the Labour State, as part of a five-day

be forced into calling an early general election if the Labour and Likud coalition partners cannot agree on a joint approach to the Middle East eded tomorrow by his chief peace process.

It was the first time the

November, at the end of the Israel's Attorney-General, yes-coalition's four-year term.

Labour has been hinting for several weeks that it might pull excessive force by Israeli sol-

coalition's fonr-year term.
Labour has been hinting for several weeks that it might pull ont of the Government if its stand of the peace process, potably on the need to make territorial concessions, is lignored.

Mr Shamir was speaking to a closed-door session of the wooden clubs, Mr Harish said israeli Parliament's foreign intervened in the grow-ing controversy over the use of ing controversy over the use of i

BY CHARLES HODGSON IN MOSCOW

He said Mr Eduard Shevardnaze, the Soviet Foreign Minister, would visit Washington on
March 22-23.

It was the first time the Llkud party leader had acknowledged the possibility of early elections - something frequently proposed by Mr Shimon Peres, his Labour rival and the Israeli Foreign Minister.

However, there was some uncertainty in Jerusalem last night over how seriously Mr. Shamir's warning should be

Elections are due in early

Mr Shultz said it was-

using force as a means of punishment or humiliation.

office had been inundated with

reports of illegal beatings. Mr Rabin and top army officers have consistently argued that the beatings of individuals not involved in demonstrations

There was no immediate com-ment from the Defence Minis-

try. Bot Mr Haim Bar-Lev, the Police Minister, lespt to his

Labour colleague's defence, saying he did not think Mr Rabin had needed the Attor-

Separately, the state radio yesterday quoted military sources as saying deportation orders on four Gazans had been

frozen." The four Palestinians

sioo of four activists.
Editorial comment, Page 18

vere "irregularities."

nev-General's letter.

The Attorney-General said his



D 8523 A

US Secretary of State George Shultz (left) at the Kremlin rday with Anatoly Dobrynin, former ambassador to ington, and Soviet leader Mikhail Gorbachev (right)

EC ministers clear way for budget reform

European Community foreign forthcoming General Agreemer ministers yesterday wrapped on Tariffs and Trade round. ministers yesterday wrapped up the loose ends of the EC's recent budget reform package - clearing the way for Britain and the Netherlands to endorse the deal.

The rapid agreement on production control measures for seven non-arable farm products - achieved after barely 10 min-utes of discussion - ended lin-gering fears in Brussels that the French Government wanted to e-open negotiations on a part of the package most other mem-ber states felt had already been

agreed.

The anxiety was created in the heated closing hours of the summit 10 days ago when Mr Jacques Chirac, the French Prime Minister who is seeking the country's presidency later this year, insisted on further discussion of these proposals, which include measures to curb which include measures to curb spending in the dairy, wine, tobacco, lamb and mutton sec-

had been accused of helping to instigate the 11-week-old upris-ing. The radio annooncement appeared to confirm the impression in recent weeks that Israel had decided against deporting any more Palestlo-ians following the international outery over last month's expul-Britain and the Netherlands showed their anger by making their full sgreement to the package conditional on the outcome of yesterday's meeting.

> Yesterday, Mr Jean-Bernard Raimond, the French Foreign Minister, told his colleages that the Freoch case had been mis-understood and that he simply wanted to emphasise certain "points of principle."

> These are thought to have been aimed at the European Commission, which now has the delicate task of turning the measures into detailed Communlty law, as well as being intended to strengthen the Community's negotiating posi-tion on farm subsidies in the

a victory for British "persistence and determination."

He said the "budget stablis-'ers," which include the previ-ously agreed sutomatic price cuts for cereals and oilseeds, placed EC farming "on a stable long-term footing."

THE European Community will not hide behind protectionist barriers when the harmonisation of the Euro-pean market is completed in 1992, Mr Peter Sutherland, EC commissioner for competition policy, said in London

"It would not be in Europe's self-interest to complete the internal market behind protectionlat barriers against third coun-tries," he said. Europe's grand design, Page 2; EC Standards call, Page 8; Stabilisers herald CAP

reform, Page 32

president of the European S200bn of cuts between 1990 Council of Ministers, has set the end of May as the deadline for all budget reforms to be turned cit.

inside the Community.

US Navy chief quits in protest over cuts in budget

Mr James Webb, the US Navy

Secretary, resigned yesterday in protest at proposed defence cuts in the 1989 Federal bud-

get.

Mr Webb said in a letter to President Reagan that the cuts meant the sacrifice of the "long-cherished" Reagan "long-cherished" Reagan Adminstration goal to build a 600-ship Navy. He was there-fore unable to support Mr Frank Carlucci, US Defence Sec-

retary, who crafted the Pentagon budget proposal.

Mr Carlucci submitted \$32.5bn in Pentagon budget cuts to Congress last week as part of the total Federal budget package. Under the proposals, the US Navy would be forced to take \$1200 Ebs budget for fire the conference of t total \$299.5bn budget for fiscal 1989, which begins on October

The Pentagon budget · which contrasts with the expansion of the earlier Reagan years foreshadows the biggest reorganisa-tion of the US military since the Vietnam war. In his letter of resignation, Mr Webb made Sir Geoffrey Howe, the UK
Foreign Secretary, said yesterday's agreement was the "the
last piece of the jigsaw" of agricultural reform as well as being
silent about the impact of the proposed cuts.

In a reference to Mr Carlucci - a veteran public servant who has worked in the Pentagon, CIA and State Department - Mr Webb said: "I am not a career bureacurat. If I had a piece of advice to give to Secretary Carlyce!" he preeds to spend a lot luccl...he needs to spend a lot more time with people in this building (the Pentagon)."

Mr Webb, 42, a gung-ho for-mer Marine and novelist, took over as Navy Secretary last April, succeeding Mr John Leh-man who served for six years. Mr Lehman was generally credited with wresting money from Congress to modernise the fleet but he left office before this

year's Budget crunch. Mr Carlucci made clear last November when he succeeded Mr Caspar Weinberger that he was more prepared to strike a bargain with Congress on defence spending. His budget proposals have met with congressional praise, but with sug-gestions that the Pentagon will have to follow-up with some

all budget reforms to be turned into legal language.

But having got the outlines of reform, the Bonn Government intends to use the remaining four months of its presidency to tackle other issues such as the Middle East, relations with Comecon, and monetary reform issued the Community.

cit.

Mr Webb said that on three occasions, the civilian and military leadership of the Navy Department drew up cuts which would have met the spending targets and preserved the goal of the 600-ship Navy. In each case the advice of this senior leadership was ignored.

markets are serving

an increasing number

SEC recommends legal action against bank

BY ANATOLE KALETSKY IN NEW YORK

(SF72.4475). Page 33

GENERAL MOTORS, US car group, has agreed to sell 51 per cent of its motor vehicle assembly operations in Venezuela to local investors for an estimated \$13.8m. Page 21

CREDIT AGRICOLE, France's largest banking group, has been asked to pay FF776n (\$1.21bn) to buy control of Caisse Nationale, its central financial institution, from the state. Page 25

ELECTROLUX-ZANUSSI, Swedish-controlled electric appliance group, further strengthened its hold oo the European market for catering and Industrial refrigeration equipment by taking over Alpen Inox of Italy. Page 22

MALL STREET was bracing its was the first public reference by Drexel to the possibility of the wegal action in the long insider trading its that it could face adverse the possibility of the SEC investigations into the SEC investigations into the SEC investigations into the firm's activities.

The Drexel statement said that "the statement said that the SEC was intensifying that the SEC intensity into of the SEC become and that the mission had recommended legal action against Drexel Burnham is a dominant force in the US market for high-yielding "jank bonds" and a submission possing these recommendations. Significantly, this was not included in a preliminary version of the document filed with the SEC in January.

According to some people on wall Street, the timing of the Drexel statement adventured to the possibility that the Could face adverse nece by Drexel to the possibility that it could face adverse nece by Drexel to the possibility that it could face adverse nece by Drexel to the possibility that it could face adverse nece by Drexel to the possibility that the SEC was intensifying that the self on the SEC investigations into the firm's activities.

The Drexel Statement asid that the submission part and investing a trading investors of the SEC bring a clvil injonctive intensity to the possibility and the sex

written last week by Drexel and three other investment Wall Street, the timing of the banks.

According to some people on date or even kill Mr Boesky and other potential witnesses in the affair.

L.F. Rothschild taken over by US thrift institution

BY ANATOLE KALETSKY IN NEW YORK

L.F. ROTHSCHILD, the strugging Wall Street securities firm which has suffered a series of contrasts with the \$20.50 crippling blows since it went public two years ago, yesterday signed away nearly 90 years of independent existence after disclosing a net loss of \$128m in the last quarter.

The sale price of around \$3 a J. Rothschild, hls British holding company, bought around 45 per cent of which investors paid for Rothschild in 1983, when it child's shares in its \$150m initial public offering in March, and then disposed of most of this stake in the public offering to the structure of the struct

The sale price of around \$3 a

ASEA of Sweden and Brown independent existence after disingle-part of Switzerland, electrical engineering concerns which merged on January 1, released independent profits for 1987, with Brown Boverl' almost doubling its profits and Asea Increasing earnings by 11 per cent. Page 22.

ASEA of Sweden and Brown independent existence after disingular independent existence after distingular independent existen

J. Rothschild, hls British

L.F. ROTHSCHILD, the strug-

TAIWANESE POLITICAL

REFORM QUICKENS PACE

New President, Lee Teng-hui, has moved quickly to consolidate his position, Page 20

Manila: telecommunications plans hampered by foreign exchange shortage 6 UK: Isbour shortages ootside London on the increase _ Editorial comment: Mr Schultz's initia-

right sort of vanity ____ Lex: Nat West Investment Bank; Cambridge Instrument; Lonrho; Vickers Denmark: Möller Maersk shipping group

US: Presidential candidates looking for the

tive; time to free car imports

emerges as a real force

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yon could make. Even so, you may well be hesitsting before embarking on an entirely new kind

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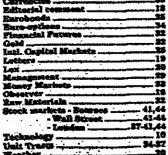
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splashes out ..

Management: Merseyside enterprise

Tax reform issue strains Austrian coalition further

tion Government, already wrestling with the Waldheim affair, popularly perceived as a tax on is locked in a bitter dispute aavings.
over how the country's outUnder the present system, over how the country's out-dated tax system can be savings are held, more often

the quellensteuer, loosely trans- order to have capital to re-build Mr Franz Vrsnitzky, the

reformed. If the dispute is not than not, in anonymous resolved over the next few accounts and remain untaxed. daya, the Government will lose One of the reasons for not taxall momentum at pushing ing the savings was that postwar governments wanted to through financial reforms. war governments wanted to
At the heart of the dispute is make savings attractive in a ehattered economy.

That policy worked. Today, Chancellor, and several senior Austrians have more than Sch focused on the quellensteuer lange budget for 1983 which economists from the conservative People's Party (OEVP), the in saving accounts or the junior coalition partner, want famous sparbuch — the little Minister and leader of the prevented the deficit from

tively prosperous, the govern-ment, adhering to one of its policy commitments, is trying to

revamp the taxation system.

There has been little disagreement on reducing company taxation from 55 to 30 per cent, lowering the tax brackets from 21 to 10 per cent and reducing the top rate from 62 per cent to around 50, as well as reducing

tax exemptions.

The real struggle has sharply

AUSTRIA'S Socialist-led coalito press ahead with Introducing pocket-size savings book. But OEVP is deeply against the exceeding Sch100bn by the end to government, already wrest the quellensteuer which is often now that the country is related.

Many in the OEVP see the need for a quellensteuer, not just because it will modernise the tax system and instill a more incentive-oriented approach to the structure of the economy, but because it will raise a much needed Schöbn-

At the moment, the budget deficit is running at Sch70bn a year. Because of a tough cost-saving budget for 1988 which cut state aubsidies by more than Sch30bn, the Government

Mr Mock and some of the OEVP provincial governors are desperately worried about the political impact on the party if he personally supported the quellensteuer. He has in mind next October's electione in Lower Austria, which is the hard core of the OEVP.

More than half the party's 700,000 voters belong to the Niederoesterreich party organisation, whence Mr Mock himself

over deficit By Hilary Barnes in Copenhagen

DENMARK WILL be forced to seek assistance from the Inter-national Monetary Fund within the next five years unless it tial reduction in its current account deficit.

Denmark

warned

This prediction was made by the Nordic countries' executive director at the World Bank, Mr Ulrik Haxthausen, himself a

Denmark needs to put its liv-Ing standards back to where they were 10 years ago, he said in an interview with a Danish

"The Danes must accept that either they will have a retreat of this kind imposed upon them within the next five years, or they must do something about it themselves before others do it for them," he said. "There won't be room for a new car, a new sofa, red wine and steaks for many years to come."

Denmark has had a deficit on the current account of the baiance of payments for each of the past 25 years and has built up a net foreign debt of about DKr 275bn (\$42bn), some 40 per cent of the GDP.

This equals about Dkr54,000 per head, probably the highest per head foreign debt any-where. Interest on the debt is now about 5 per cent of the GDP, said Mr Haxthausen.

The current account deficit was in fact almost halved last year from DKr34.5bn in 1986 to an estimated DKr18bn in 1987 (the final figures have not yet been published) after severe policies of fiscal restraint in 1986.

Spain's embattled Communists find a leader in south

omeone to lead Spain's troubled Communist Party ended in thankless task of trying to stablish a credible force to the

The Spanlah Communiat relatively strong in Andalucia and the congress's hope clearly effective national opposition during the Franco dictatorship, has since fallen on such hard times that it was forced to extend its annual congress at extend its annual congress at the weekend before persuading Mr Julio Anguita, 46, to become its general secretary.

In three days of high political theatre Mr Anguita insisted he was not available for the job was not available for the 100 neither was anyone else – until the congress practically begged him to take it. Having played his cards to perfection he gained an important victory over the party bureaucracy and has been given a generous man-date to remodel it to his own

Mr Anguita has been possibly Spain's most successful Communist politician since General Franco died in 1975. He became mayor of Cordoba in 1979 and easily beat a left-wing Socialist for the job again in 1983. Nicknamed the Red Caliph for his dark, Moorish, good-looks, his critics say he entertains Messianic ambitions but concede that he is probably the min Communications. he is probably the only Communist in the country capable of denting the popularity of the Prime Minister, Mr Felipe Gonzales

DESPERATE search for have split into myriad doctrinal

bled Communist Party enough.

The new leader, though, win a minor triumph early yesterday morning for a rejuctant complete the dominance of complete the dominance of spanish national politics by and an additional politics by Andalucians – Mr Gonzalez and Composition the conservative opposition establish a credible force to the leader. Mr Antonio Hernandez left of the Socialist Government. Mancha, both learnt their politics in the region. The PCE is

> rounds off a possibly important regrouping of forces to Mr Gon-zalez' left. This started late last year when Mr Nicolas Redondo, leader of the Socialist Party's affiliated trade union, the Union General de Trabajodores (UGT), resigned his parliamentary seat in protest at the Gov-ernment's conservative economic policies.

Earlier this month the UGT entered into a wage pact with its old Communist rival, the Commissiones Obreres to oppose the Socialist's 4 per cent public sector wage ceiling. These machinations place effective opposition to Mr Gonzalez outside Parliament for the moment, and may provide fruit-ful opportunities for Mr Anguita to exploit.

Ironically, among the most enthusiastic supporters of a unified force to the left of the Socialiste are conservatives who would like to see the Communists force Mr Gonzalez to the political centre.

Cynics believe otherwise, But the improvement took its toll in a decline in manufacturing output of about 3 per cent and in the GDP of at least a 0.5 per cent, with a second year of negstive growth forecast for 1988.

But the PCE, as part of a wider leftist grouping, won wider leftist grouping, won a wider leftist grouping, won and in the GDP of at least a 0.5 per cent of the national that Mr Anguita's departnre from Andalucia would do little more than ruin the party there and that Madrid, in turn, would be the ruin of him.

Bulgaria to ease restrictions on travelling abroad

THE BULGARIAN authorities are proposing radical changes in passport regulations and a revision of the criminal code for those who etayed abroad illegally. If the proposals are accepted by the National Assembly, it will mean greater freedom for Bulgarians to travel.

The idea is that Bulgarians will be allowed to retain their passports, which will be valid for five years. At the moment, anyone going abroad has to give banks, rather than the

cating hard currency for those who wish to travel to the West.

ministries and the pasaport posals, be allowed to return to office, more discretion in allo- Bulgaria without being prosecuting hard currency for those cuted or penalised. An official lt atill remains uncertain cating hard currency for those who wish to travel to the West.

Citizens, who left the country on legal exit visas but remained abroad will, under the new pro-

passport.
It atill remains uncertain

Lisbon-Washington talks to hang on payment for US bases

THE THORNY issue of how minister, who will accompany much the US should pay for its key air force base on the Azores will dominate talks when the Portuguese Prime Minister, Mr Anibal Cavaco Silva, travels to Washington today, Reuter reports from Lisbon.

The long-etablished base is used as a strategic stopover.

But Portuguese officials later said that Mr Cavaco Silva, a centre-right Social Democrat, would press for guarantees of more money and perhaps suggest the accord be turned into a treaty legally obliging both aides to abide by its terms.

visit three weeks ago to Lisbon by Mr Frank Carlucci, US Defence Secretary, had glossed over the dispute and that a formal revision of the base accord could still be requested.

such a way as to make life Carlucci pledged to compensate easy, not difficult, for each much of the military cash partner," said Mr João Deus ahortfall with equipment supplinheiro, the Portugese foreign plies.

isbon. used as a strategic stopover Portuguese officiale said the and to scour the Atlantic for

and to scour the Atlantic for Soviet submarines.
A promised yearly aid flow of about \$200m between 1984 and 1991 has been whittled away by the cuts and Portugal can expect only \$117m this year. "An agreement between Demands for a revision friends should be drawn up in appeared to recede after Mr

Spain last month reached an agreement with the US to renew a 35-year-old defence treaty under which Washington is to remove 72 F-16 aircraft from a base near Madrid.

centre-right Social Democrat.
would press for guarantees of
more money and perhaps suggest the accord be turned into a
treaty legally obliging both
aides to abide by its terms.
Portugal is a founder-member
of Nato and has been a close US
ally for 40 years.
Spain last month reached an

Southern Africa will also fea-ture in the talks which Mr Cavaco Silva will have with President Ronald Reagan, as well as Administration officials

Early talks over Belgian coalition 'encouraging'

versial issues had to be skirted last autumn would not be tack-for now so as not to wreck the led now. delicate negotiations.

A caretaker government has French-speaking local official been running Belgium since who refuses to take a test in December, when inconclusive Dutch—the official language of

MR JEAN-LUC Dehaene, the Flemish Christian Democrat, politician leading the search for a new Belgian government, said yesterday that he was encouraged by preliminary talks on forming a five-party coalition to end a 10-week political crisis, Reuter reports from Brussels.

But he said the most controversial issues had to be skirted with the most difficult things," said Mr Dehaene, the thirds mediator appointed by King Baudouln to try to haul the country out of political limbo. He acknowledged that the still-unresolved language dispute which brought down Prime Minister Wilfried Martens' centre-right Government last autumn would not be tark-

elections brought gains for the right-wing Liberals in Dutchspeaking Flanders and a chift to the left in the French-speaking south.

"For now, f think the best broad areas of conflict between Belgium's language groups.

Mr Dehaene said that progress had been made in last week's talks

Europe's grand design for 1992 promises problems in realisation In a second article, Guy de Jonquieres continues his analysis of

Community officials engaged in with individual countries' mon-drafting a framework for a sine etary policies and Impose drafting a framework for a single market in financial services, severe strains on the European the project sometimes seems ike a journey into the unknown. "What we have no idea of is how people will react once the barriers come down," says one, "Will there be pandent of the EMS and tighter co-ordination of

ties with which the Community prove difficult to achieve.
is wrestling as it strives to meet There is also a dawning reallts self-appointed deadline for Isation that national fiscal dis-

market in services – during the is judged sufficiently important next few years. Several governments that some governments are sugments, particularly those with gesting that capital movements eizeable public sector deficits, should not be fully liberalised fear this could provoke a mas-sive outflow of savings abroad. have been agreed. That may not

currency crisis.

A more serious, and widely shared, concern is that the reporting by banks to national tax authorities, would be cumton to enforce. On the

monlum — or will nothing hapmen at all?"

The question goes to the much closer policy integration, heart of the complex uncertainties with which the Community

national monetary policies. Fixes to the same level as Luxembourg and still finance our
budget deficit."

The second hurdle, Luxembourg points out, is that even if

completing the Internal market by 1992.

In economically and financially weaker countries, precocupations have centred so far on the likely effects of removing national controls on capital movements—an essential pressure in the least one of these concerns prove to be with the least one of these concerns prove to be will depend on progress in the likely effects of removing national controls on capital tons, such as mutual funds, to movements—an essential pressure of the second of these concerns prove to be will depend on progress in the likely effects of removing national controls on capital tons, such as mutual funds, to move into liver but the first of the constant of the cons movements - an essential pre- move into Luxembourg in prep-

kets could unleash instability bersome to enforce. On the by sending volatile flows of other, a harmonised EC-wide short-term speculative funds withholding tax, faces two hursurging across frontiers in dles. The first hurdle is achiev-

progress towards the unification of Europe's financial services agreement on an acceptable sion's general aim is to encourrate. As an Italian government age competition between law. official puts it: "We could simnational regulatory systems, on ply not afford to lower our the argument that this will lead comp

frontiers.

Just how well-founded some of these concerns prove to be will depend on progress in harriers to Here, much will turn on the effectiveness of the Commislutegration. After years of futile effort towards extensive harmonisation, the Commission has now pinned its colours firmly to the banner of liberalisation.

These worries may be overdone. France and Italy have already moved faster than required by the EC timetable to relax exchange controls without suffering any undue side-effects. The Commission also proposes (against West German objections) to allow some controls to be reimposed temporarily in the event of a sudden currency crisis.

have been agreed. That may not prove easy.

Though the Commission has alignment of national value-added and excise tax rates, it has made no firm proposals on tax on interest and dividend income. However, in response to growing government concerne about revenue loss due to tax evasion, it has suggested two broad policy options. tion of national regulations would be limited to the bare minimum deemed necessary to ensure adequate prudential

safeguards.
Countries would thus be financial products and services from outside their borders, even if their own institutions search of the highest returns. ing the necessary unanimous offering them. The Commis- accountancy conventions,

naturally to alignment at the level of the most liberal. The legislative cornerstone is

The second hurdle, Luxemthe second banking co-ordinabourg points out, is that even if
the EC could agree to harmonise, it would risk driving capital
away to tax havens outside its

The second banking co-ordination directive, published in
Brussels last month. This proposes extensive EC-wide freedom of establishment and services for authorised credit institutions above a certain size



engaged in a range of specified activities, including securities transactions. It is due to be underpinned by agreements on harmonised bank capital and solvency ratios which are likely to parallel those planned by the Group of 10 central banks.

A number of further mea-sures is planned to deal with more technical issues including obliged to admit competing regulation of financial conglomvices, deposit protection elons, stock exchange lleting were currently prohibited from and disclosure requirements,

compromise, the Commission has failed to satisfy everybody. a provision in the banking directive to limit banks' industrial investments, Britain with the proposals for licensing

Impose exceptionally strict controls on many types of financial services, they have to common rules on grounde of prudential safety. More liberal governments object that this stand is largely a ploy to protect inefficient financial intermediaries by limiting competitive.

We roduct definitions. In country. But the dividing line good deal of confusion about the mutual recognition to ground early to judge how big principle is vague. It is unclear, whether governments object that this approach has not always been for instance, whether governments which prohibit doorstep in countries where such techniques were permitted.

Though the form free-down the mutual recognition how they all fit together. It is principle is vague. It is unclear, whether governments which prohibit doorstep in selling could legally enforce the approach has not always been followed. For instance, a direction of the mutual recognition about how they all fit together. It is principle is vague. It is unclear, whether governments which prohibit doorstep in countries where such techniques were permitted. existing arrangements. Those, among them are the following such as West Germany, which impose exceptionally strict conmediaries by limiting competi-

Also running through the negotiations is a less outspoken, but equally powerful, concern.
As one EC government official
puts it: "This whole thing isn't
going to work urdess we can
assume that we can trust other assume that we can trust other countries' eupervisore to observe the rules. Otherwise lt's an impossible dream. Unfor-tunately, not all supervisore are of the same quality." Indeed, the Commission has already been persuaded to make one been persuaded to make one important exception to the general principle of "home country" argues that these are technieral principle of "home country control". Anxious to underpin confidence in the London market after the stock market governments may not be pre-crash, the UK insisted that, for pared to surrender without a the foreseeable future, firms fight, particularly as some of crash, the UK insisted that, for the foresecable future, firms

insider trading and company engaged in securities trading should continue to be controlled by the authorities in the countries where they operate.
So far, the safety of financial institutions has dominated the Brussels agenda. Little attention has been focused on the

conditions in the markets in which they operate. Yet there are many grey areas and inconnon-EC banks.

Predictably, every country wants the future EC rules to be harmonised around its own tive to liberalise sales of unit trusts, due to take effect next year, prescribes the types to be covered. Some, like money mar-

ket funds, are excluded. The danger is that harmonisation has been achieved at the cost of choice, thereby constraining future innovation. Tax incentives and subsidies.
 Many EC countriee operate schemes, such as France's Loi Monory and Britain's Business Expansion Scheme, which dis-criminate in favour of desig-

cally illegal and will have to be abolished after 1992. However,

them rely on such tax breaks to sell public debt.

National restrictions. The

European Court ruled in 1986 that EC etates could restrict freedom of services on grounds of "general interest", and par-ticularly consumer protection. However, what constitutes legitimate "general interest" has not been spelt out. Some legal experts fear that it could

tection. Practices vary widely. Britain has traditionally relied on maximum disclosure of information to the consumer and recourse to common law. but in many other countries the approach is codified regulation. How smoothly these systems will mesh in a single market remains to be seen.

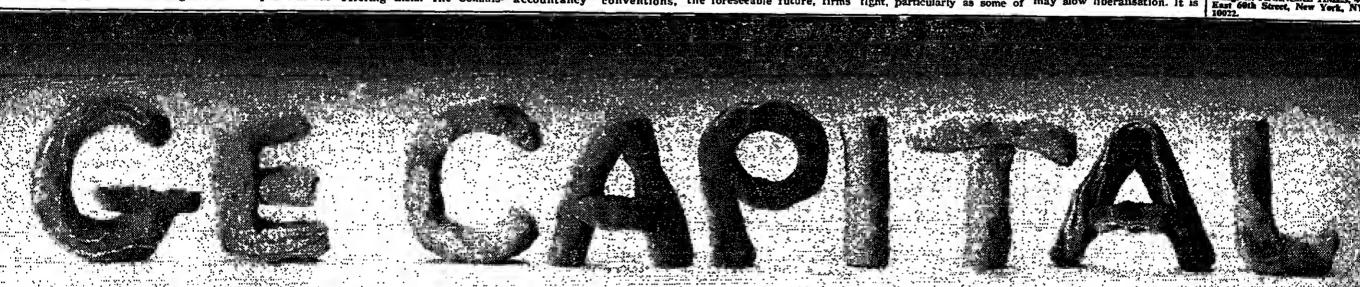
In a recent paper on the inter-nal market, Professor Michel Vasseur of Paris Law School argues that in financial services "minimal harmonisaharmonisation . . will undoubtedly have to go further than envis-aged. National laws will have to be pruned of protective and public order provielons. The task is likely to be immense and may alow liberalisation. It is

pointless to pretend to ignore the problem." The Commission insists, none the less, that it is sticking to its guns. It accepts that there are many loose ends and ambiguities, but argues that they will be resolved either by the workings of market forces or by being tested in the courts. "The Community being what it is, you either go for a nice nest system of cenbe invoked abusively by countral regulation, or for an untidy tries to prevent legitimate competition and thwart development of the single market.

Formula For an untidy with lots of grey zones which will gradually be clarified," says one official in Brusselly For an untidy production of the single market.

petition and thwart development of the single market.
Equally, EC doctrine states that cross-border services must comply with the general rules of business conduct of the host country. But the dividing line with the mutual recognition bow they all fit together. It is pricely is active to under how they all fit together how his

Further articles in this series will appear next week.



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Missed out from the list

Compley

Jim Bodgener on dealing with the strains of debt servicing and high expansion

Ankara takes action against economic drift

prime minister for a second term. Bankers and businessmen are relieved, for this lack of direction resulted in a worrying run on the Turkish lira in late lanuary on the country's unre-gulated foreign exchange mar-

until an early February emer-gency package for the lira and the budget this week, the gov-ernment seemed to have lost direction - out of keeping with the brisk pragmatism displayed by Mr Ozal and hie team previ-ously. Relaxed economic con-trols in the run up to the elec-tion had led to overspending, excessive domestic borround, a widening budget deficit, and a year-end inflation rate of

between 60 and 65 per cent.

Matters came to a head in the Matters came to a near in the run on the lira on latanbul's Tahtakale markets – illicit but tolerated unregulated foreign exchange dealing. Popular misexchange dealing. Popular mis-trust of the lira and a flight into foreign exchange deposits in advance of an expected devaluation was fuelled by the abundance of cheap lira chasing ever scarcer foreign exchange

The government's superficial dilatoriness concealed a fundamental debate in the recentlyformed Higher Planning Council nn the choices between consoli-dation and continued high expansion. The economy grew by what many consider to be an overheated 6.8 per cent in 1987, and 8 per cent in 1986.

Close advisers to Mr Ozal euch as Mr Adoan Kahveci, a minister of state, believe the past two years have demon-strated that the ecocomy can withstand the strain imposed by high expansion at a time of exceptionally heavy debt servicing. Turkey has to repay about \$6.5bn in interest and principal this year - largely a legacy of reschedulings in the late 1970s and early 1980s.

Mr Kahveci believes that the

A TURKISH minister said

A TURKISH minister said yesterdny that prisons would be brought np to European standards, writes Jim Bodgener in Ankara. The promise by Mr Mahmut Oltan Sungurlu, the Justien Minister, follows a mass hunger atrike last week by prisoners protesting against their treatment in Divar-

their treatment in Diyar-

bakir military jail.

The strike, which led to one prinoner's death and the hospitalization of sev-

eral others, threatened at

bated inflation and balance of payments problems. A compro-

mise target of a lower 5 per cent growth rate in 1988 indi-

The government is aiming for export-driven growth, as opposed to the domestic demand explosion in 1986, Sales

are expected to increase by around 23 per cent to \$12.3bn

The corrective package of measures for the lira in early

February set the scene for the budget and moves by the cen-

tral bank to drain liquidity last week. The package's central

feature was a temporary hike in deposit rates above inflation

to 65 per cent. Buelneesmen earnestly hope it will be a tem-

porary palliative, for if the rate remains for long, it could trans-

late into borrowing coets for industry of more than 100 per

in 1988.

one stage to spread.

THE TURKISH Government is answer-lies in a higher savings finally moving to check the rate. He seeks the introduction of a mandatory savings scheme, November elections which returned Mr Turgut Ozal as prime minister for a second term. Bankers and businessmen are relicived, for this lack of direction resulted in a worrying answer-lies in a higher savings bank moved to drain about a from money in circulation, which had hovered at about a record TL3 trillion to rule in the last resort on on since early sutumn last year. It raised the mandatory proportion that banks must deposit with it of their deposit account hard-currency, cash-flow problems. More than half of total

centes the argument has been its to farmers and small busi-resolved in their favour - for nesses - politically sensitive, the time being, at least.

ent annually.

After the budget, the central including the proposed third

bankers.

MINISTER PROMISES 'EUROPEAN STANDARDS' IN PRISONS

After vociferous support for the strike from buman

rights activists and opposi-tion politicisms, the Govern-ment ordered the Diyar-

bakir prison authorities to upgrade conditions. The prisoners then called off the strike.

In January, it signed UN

and Council of Europe conventions against torture.
The Divarbakir prisoners claimed they had been tortured, beaten and chained.
The minister and chained.

The minister met prison-ers' families and represen-

In a mopping up operation on

Friday, the central bank also tightened up liquidity loopholes in concessionary terms on cred-

government's determination to halt inflationary trends, say

The budget itself is a holding

action, an attempt both to con-solidate gains made during Mr

Ozal's first term, and dampen

growth. Spending on develop-ment projects will increase by

4.8 per cent, but few new major schemes will be initiated. Fresh

investments by municipalities in particular will be curbed to

forestall any extravagances before the local elections in the

external financing is almost

committed may go ahead, including a major highway proj-ect in Istanbul, part of a route

about a record TL3 trillion since early autumn last year. It raised the mandatory proportion that banks must deposit with it of their deposit account reserves, from 14 to 16 per way. Mr Ozal himself will have to rule in the last resort on on the fate of these schemes.

The lira crisis was another reminder of Turkey's perennial hard-currency, cash-flow probreserves, from 14 to 16 per lems. More than half of total

also said prisoners in Diyar-bakir jail and another mili-tary prison at Mamak near Ankara would be trans-ferred to civilian prisons-Compulsory wearing of prison uniforms has been lifted for the inmates of all Turkey's jalls, be added.

A recent report by the international buman rights organisation, Helsinki Watch, says that torture of political prisoners continues in Turkey.

Those in the other camp want cent, and bank liquidity an end to expansionary policies requirements. which they say have exacerbudgeted spending in 1988 will go towards debt-servicing. The debt structure is imbalanced, with up to \$9bn worth of com-mitted but undisbursed project loans in the pipeline.

"What the government needs right now is a large dollop of medium-term balance of payments support - around \$1bn," says an Istanbul-based banker. Foreign banks do not help by filling their booke with more lucrative project funding and short-term trade financing, say Turkish officials.

Turkey's underlying credi-tworthiness is not in doubt in international institutions like the latter, the government is held up as model of financial rectitude in the face of its debt servicing burden. World Bank lending looks set to remain at the present level of \$1bn annually for the next five years When the next bl-annual deb when the next bl-annal debt servicing peak comes around in June, the government will prob-ably be able to fall back on a \$300m World Bank loan for financial sector adjustment, in essence balance of payments lending in return for pledged reforms in the banking sector.

But whether the government will be euccessful in its attempts to persuade commercial institutions to move into the medium and long-term is another matter. A major bal-ance of payments syndication on the Euromarkets now could meet with a cold shoulder. The progress in syndication of a three-year loan to the central bank valued at \$100m, and arranged by Bankers Trust International, is under close

The financial authorities nevertheless over the past two vears have become increasingly sophisticated in the opportune placing of ever more complex borrowing instruments in the world's financial centres. Rescheduling – as opposed to restructuring – is anathema still to treasury and central bank officials

Strikes hit public transport

MUCH OF West Germany is being affected this week by a wave of public transport atrikes called in support of a claim for shorter bours on sehalf of 1.5m public sector employees.

The public service work-ers belong to the less fortu-nate half of the country's workforce which still does a 40 bonr week. Their push below 40 is likely to create yet another irritant for the

The unions are looking for a 5 per cent improve-ment in their members' terms of employment through a combination of pay rise and reduced worktime. There bave already been two inconclusive meetings with government nego-tiators and another is set for the end of the month.

The current "warning" strikes, directed at that meeting, will today hit the western part of the country and tomorrow the sooth and east. Such strikes were last seen in 1983.

If the public service work-ers - led by the main union tha Transport and Public Service Workers - succeed in reducing worktime, it will automatically apply to the 600,000 public service workers, police, teachers and civil servants. and civil servants.

West German trade surplus with EC soars

WEST GERMANY'S trade surplus with the rest of the European Community rose sharply mist wit last year, more than offsetting Markets. a significant decline in its surplus with North America, figures from the Federal Statistics

As already reported, the country's trade surplus reached a new record of DM117.5bn (\$39.8bn) in 1987 compared with DM112.6bn the year before. Exports showed a marginal 0.1 per cept rise to ginal 0.1 per ceot rise to DM527bn, while imports eased by 1 per cent to DM409.5bn. But, in volume terms, exports grew more slowly than imports.

A more detailed breakdown by the statistics office in Wiesbaden shows that the steep fall in the dollar against the D-Mark caused a considerable switch in the trade pattern in the US's favour, with the West German surplus down by nearly 15 per cent to DM24.3bn from DM28.5bn.

But the surplus with EC countries - these take just over half account surplus - DM79.5bn of West Germany'e exports compared with DM82.4bn in against nearly 10 per cent going 1986 - entirety reflected the to the US - advanced by 20 per cent to DM62bn (DM51,5bn). "Domestic demand in the rest of ponding improvement in the the EC has grown faster than in terms of trade.

Germany itself," noted Mr William Ledward, European Economist with Merrill Lynch Capital

He expected the buoyancy of West Germany's neighbouring markets to continue offsetting the currency-induced fall in sales to the US. "Western European economies, in domestic terms, have done pretty well in 1987 and they will do pretty well in 1988," he added. Last year, West German exports to EC countries went up by 4 per cent to DM277.5bn.

Overall, exports grew in real or votume terms by 2.9 per cent, while imports were a real 5.4 per cent higher, after adjusting for price changes. In its latest monthly report, the Bundesbank thus commented: The attempted gradual reduction of West Germany's foreign surpluses went a good way for-ward in 1987."

The central bank said the further rise in the trade surptus and the still high current account surplus — DM79.5bn

SIEMENS

Czech scandal reaches high up

BY LESLIE COLITT IN BERLIN

tion

A CORRUPTION scandal in Czechoelovakia, involving senior, government and party officials who received whisky, furs and furniture in return for money and favours, has resulted in the dismissal of two high-ranking officials and reprimands for II

Maj General Jan Kovac was whose Ministry received furni-sacked as First Deputy Interior ture from Mr Babinsky's com-minister and expelled from the party: together with Mr Cartin party, together with Mr Stanis-lay Dudasek, a department head in the Slovak Central Committee. Their expulsion was the result of "serious viola-tions" of party statutes, the newspaper Rude Pravo

lng, Mr Ladislav Luhovy, and Mr Vladimir Janza, a Minister and Vice Chairman of the State Planning Commission.

The officials were the latest to be named in a corruption ing to 14 years in prison of Mr Stanislav Babinsky, the man-

niture, furs and whisky, and of embezzling funds. Among the witnesses at the trial was Mr Bohuslav Chnoupek, the Czechoslovak Foreign Minister,

to be reprimended were the Minister of General EngineerIng. Mr Ladislav Luhova and higher moral standards for higher moral stan repeatedly of the need for higher moral standards. Corruption was rife under 75-year-old Mr Gustav Husak, who relinquished the party leadership last December, and who remains as President. His successor, Mr Milos Jakes, indicated that he would take a past leaders of Czechoslovakia past leaders of Czechoslovakia past falled to introduce eco-

pany in the Slovak district of Dolni Kubin. He was found was seen in Prague as an effort guilty of supplying officials up to 1985 with luxury food, fursenior party and government officials.

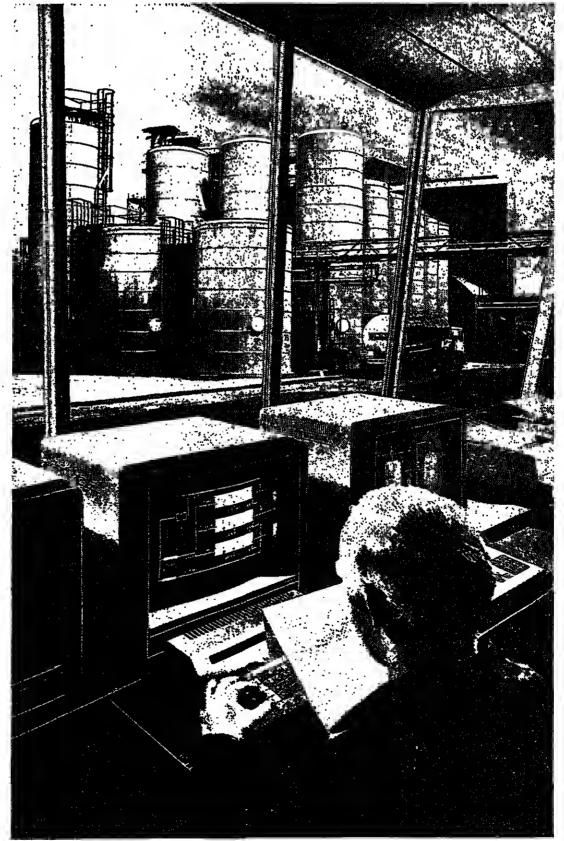
Among those reprimanded was Mr Jan Bako, the deputy chairman of the Slovak planning commission and Mr Jan Gonda, a former Slovak Deputy Minister of the Interior.

Other tantalising details ous heart ailment, is rumoured to be in line for retirement. Diptislava included helicopter lomats noted that the Interior hunting parties and the provision of female hostesses to offi official visit, which n would have been carried out by the Foreign Minister.

Rumours were also circulatcated that he would take a tougher line towards corrupt officials.

past leaders of Czechoslovakia had falled to introduce economic reforms and to modern

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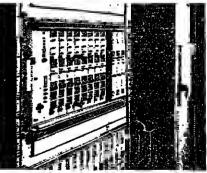
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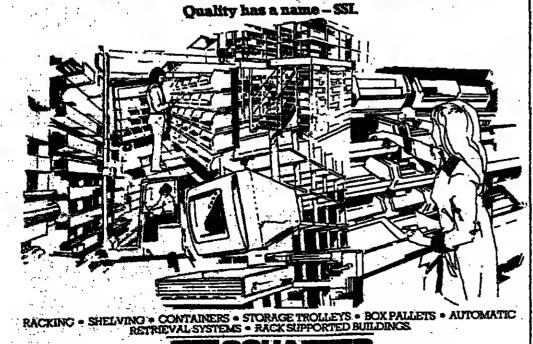
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SCHAFTER SYSTEMS INTERNATIONAL SSI YIX EQUIPMENT LIMITED Empediate Road Seningstoke RG21 RG Telephone 0295-26511 Telex 898242 SSI FIX C Tex 0265-480714 BY ANTHONY ROBINSON IN JOHANNESBURG

THE South African defence force yesterday announced that an air force jet was shot down by Angolan ground fire during an air attack on Cuban and Angolan government Fapla forces in south-east Angola on Saturdsy afternoon.

The 31-year-old pilot is miss-

The raid, which the statement said was against reinforce-ments which posed a potential threat to South African forces". is understood to have taken place near the besieged town of Cuito Cuanavale where five South African conscript sol-diers were killed last week.

The air raid took place shortly after two reportedly iccessful air attacks on Saturday morning. The targets then were South West Africa Peoples Organisation (Swapo) training camps near the heavily defended Cuban and Angolan garrison and air base of Lubango, 300km north of the border with Nsmibia, and Ongiva, 80km north of the bor-

Both the latter raids were decribed as revenge for Fri-day's bomb explosion at a bank of Oshakati which killed 20 people and seriously wounded many more. Swapo denied responsibility for the blast.

on Swapo bases near Ongiva over the weekend using long-range mortars to pound the advanced staging area for Swapo cross border raids into Namibia.

The leavest to sent this year - consist to sea of 1 bn Chinese."

With a retinue of one house-keeper, Pu Jie, 80, is less harsh on himself these days. A few years ago, he was a "drop of dirty water" in the leavest support of selections.

The latest confirmation of continuing fighting in the southern Angolan region reflects South Africa's determination to strengthen the mili-tary and political clout of the Unita rebel movement led by Dr Jonas Savimbi and send a strong signal to Moscow and Havana that the 12-year-old civil war can only be ended by negotiations and by military

died in floods which have swept across a broad swathe of southern Africa from the Orange Free State through Swa-ziland and the southern prov-inces of Mozambique.

The flooda, which followed floods in Natal where more than 60 people died last year, has caused extensive damage to roads, railways, dams and farms but marks the definitive end of what was a seven-yearfarms but marks the definitive change of the consumer price index, was 14.2 per cent drought for large areas of southern Africa.

Pretoria aims to shave rate of inflation

THE South African Reserve Bank has targeted a broadly-defined money supply growth rate of between 12 per cent and yesterday 16 per cent this year - consist-

ate the balance of payments edged past.
surpluses needed to service and The rehabilitation is com-

repay foreign debt.

Announcing the new targets for M3 growth in Pretoria yesterday, Dr Gerhard de Kock, the Reserve Bank governor, sald the reduction from last year's 14 per cent to 18 per cent target range signals the monetary authorities' determination to prevent excessive. monetary authorities' determination to prevent excessive money supply growth from reversing the declining inflation trend of the past two years.

Three years of falling living standards have made inflation a political hot potato. Although Dr de Kock was reluctant to specify a likely inflation rate for the current year, judging by the gross domestic product and M3 growth targets the authorimeasured as the year-on-year

Comrade Pu Jie is part of a plan to restore the status of the Manchu people, reports Robert Thomson

The Last Emperor's brother finds his role

IN A PEKING backstreet, flanked by a refrigerator repair yard and a flourishing vegetable market, the courtyard home of the man who might have been emperor is hidden behind a red door. Pu Jie, brother of Pu Yi, the last emperor, now considers himself to be nothing

plete. Comrade Pu Jie, as he is known, is a party-appointed representative of the Manchu minority that ruled over China as the Qing dynasty until 1911 and has merged almost seam-lessly with the majority Hans. Even a Chinese cannot tell the difference.

M3 growth targets the authorities are hoping inflation will the brutality and highlighting drop to 13 per cent or less. in January this year inflation, munist Party has been no dif-

For ordinary Chinese, life often goes on regardless of pal-ace or party intrigue. "The sky is high and the emperor is far



The adolescent Pa Yi portrayed in the film The Last Emperor

away" as the old peasant say-

The sense of being a "small observer, is as almost strong among the masses now as they watch convoys of black Mercedes bearing party officials as it was for those who cleared the way for the sedan chairs of

While the former leader, Mao Zedong, sought to crush the old ways, he rekindled the personality cult of the past. Peking again became the seat of the emperor and it is fitting that his portrait should hang above the entrance to the Forbidden City and appropriate that the City and appropriate that the faded wedding cake of a building that is the Mao memorial should stand on the heavenly

unlike Mao, Pu Jie did not necessarily want to be emperor, though the title could have been thrust upon him had the Japanese won the war. In the 1930s, his brother, Pu Yi, was resurrected as emperor by the language who at that time Japanese, who at that time occupied the north. The puppet state of Manchakuo was created with a view to the brothers Pu eventually ruling a China under Tokyo's control.

China under rokyo's control.

Since Pu Yi was childless, the
rules of aocceasion were
changed to allow Pu Jie to
become the next emperor.

"I never really thought that I
would become emperor, though, at that time, there was a possi-bility," explained Comrade Pu, who had a marriage arranged for him with Hiro Saga, a

hold on the Chinese throne.

omb.

As for his brother: "during he time I was Pu II's younger rother in the palace, I never alled him my brother because alled him my brother because the amount was provided by the second of the palace. the time I was Pu Yi's younger brother in the palace, I never called him my brother because he was the emperor. We were really only brothers when I returned from the Soviet Union in 1950 after five years." The two shared a house until 1967, when Pu Yi died of kidney can-

Pu Jie saw and enjoyed the just released film, The Last Emperor, though he considered it a touch inaccurata. "There are a lot of difference between

are a lot of difference between the facts and the film. That is okay as long as the film is interesting and amusing for people. I think it is an interesting film.

Pu Jie, who is a keen gardener and calligrapher, adopted the name William after scouring a list of English kings. He is now a representative of the Manchus and works on history Manchus and works on history committees. Curiously, the rarefled palace existance meant that neither he nor his brother used the Manchu language and he still has not mastered it.

he still has not mastered it.

He disliked the separation from ordinary people that was implicit in his past role, and now feel he is making a contribution to China's modernisation drive. "I think I am very lucky," he said. "I have had a let of emperioner." Although he is a communist.

cousin of Japan's Emperor he is not a member of the Hirohito, to tighten Tokyo's party. He maintains that, as an hold on the Chinese throne.

The Japanese connection rhwelming virtues of the party remains strong. There is already a place reserved for some of his ashes at the same

language, he consults an academic. Zhao Zhan, of the national minorities council. Pronational minorities countil Pro-fessor Zhao read The Last Emperor script and also consid-ered that it was not necessarily true to history. He works to improve the status of Manchus, who were badly treated during the cultural revolution (1966-76), when Pu Jie came under the direct protection of the premier They Falsi the premier, Zhou Enlai.

the premier, Zhou Enlai.

Professor Zhao had problems, but prefers not to elaborate. Overall, the Communist Government has been much more sympathetic than their predecessors, he says. Before the revolution in 1949, Manchus were insulted and discriminated against, and it is only now that many are again proud to be Manchu.

The professor explained that the Govarnment was soon to revise its estimate of Manchus from 4.3m to 7m as more claim.

from 4.3m to 7m as more claim from 4.3m to 7m as more claim, their rights of nationality. Even he finds it difficult to tell Hansand Manchus apart, but explains that Manchus have slightly higher cheekbones, a small toenail that is underdeveloped, marginally straighter hair, and a better chance of having Group B blood.

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Notice of Meetings

NOTICE IS HEREBY GIVEN that a Meeting of the holders of the N.Z.\$50,000,000 16½ per cent. Guaranteed Notes due 1988 of Fletcher Challenge Finance (Overseas) Ltd. will be held at the offices of Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2V 7,JA on 17th March, 1988 at 11,00 a.m. (London time) and that a Meeting of the holders of the U,S.\$100,000,000 9½ per cent. Guaranteed Bonds Due 1993 of Fletcher Challenge Finance (Overseas) Ltd. will be held at the above address on the same day at 11.30 a.m. for the purpose of considering and, if thought fit, passing respectively the first and the second of the following Resolutions which will be proposed as Extraordinary Resolutions in accordance with the provisions of the Fiscal Agency Agreements dated 4th September, 1985 and 19th March, 1986 respectively made between Fletcher Challenge Finance (Overseas) Ltd., Fletcher Challenge Limited and Bankers Trust Company as Fiscal Agent and Principal Paying Agent for Fletcher Challenge Finance (Overseas) Ltd. Extraordinary Resolutions

1. THAT this Meeting of the holders of the outstanding N.Z.\$50,000,000 16½ per cent. Guaranteed Notes due 1988 (in this Resolution called the "Notes", the holders of which being called the "Noteholders") of Fletcher Challenge Finance (Overseas) Ltd. (in this Resolution called the "Borrower") HEREBY: (A) approves

1. THAT mis Meering or the notices of the "Noteholders" of Petcher Challenge Finance (Overseas) Ltd. (in this Resolution called the "Borrower") HEHEBY:

(A) approves

(i) the substitution for Fletcher Challenge Finance (Overseas) Ltd. as the Borrower in respect of the Notes of Fletcher Challenge Finance Netherlands B.V. becomes the "Borrower" for all purposes in respect of the Fiscal Agency Agreement dated 4th September, 1985, the Notes, the Coupons or otherwise;

(ii) the release of Fletcher Challenge Finance (Overseas) Ltd. from its obligations under the Fiscal Agency Agreement dated 4th September, 1985, the Notes, the Coupons or otherwise and

(iii) the amendment of the Terms and Conditions of the Notes in the following ways:—

(a) that all references to the "Cayman Islands" in Condition 8 relating to Redemption and Purchase be replaced by the "Netherlands";

(b) that all references to the "Cayman Islands" in Condition 8 relating to Taxation be replaced by the "Netherlands";

PROVIDED THAT the Deed Poll produced to the meeting is executed by Fletcher Challenge Finance Netherlands B.V. and Fletcher Challenge Limited, that Dutch and New Zealand legal opinions are executed in the form produced to the meeting, and that any Security Stock, which is necessary to maintain the security arrangements relating to the Notes, is issued;

(6) sanctions any abrogation, modification, variation or compromise of, or arrangement in respect of, the rights of the Noteholders and the holders of the Interest Coupons appertaining to the Notes, the Coupons" against the Borrower and/or the Guarantor (whether such rights shall arise under the Fiscal Agency Agreement, the Notes, the Coupons or otherwise involved in or resulting from the implementation of this Resolution); and (C) requests the Fiscal Agency Agreement, the Notes, the Coupons or otherwise involved in or resulting from the implementation of this Resolution; and (C) requests the Fiscal Agent to execute a Supplemental Agency Agreement in the form of the draft produced to thi

HEREBY:

(A) approves

(i) the substitution for Fletcher Challenge Finance (Overseas) Ltd. as the Borrower in respect of the Bonds of Fletcher Challenge Finance Netherlands B.V. by way of exchange and that Fletcher Challenge Finance Netherlands B.V. becomes the "Borrower" for all purposes in respect of the Fiscal Agency Agreement dated 19th March, 1986, the Bonds, the Coupons or otherwise;

(ii) the release of Fletcher Challenge Finance (Overseas) Ltd. from its obligations under the Fiscal Agency Agreement dated 19th March, 1986, the Bonds, the Coupons or otherwise and

(iii) the amendment of the Terms and Conditions of the Bonds in the tollowing ways:—

(a) that all references to the "Cayman Islands" in Condition 6 relating to Redemption and Purchase be replaced by the "Netherlands";

(b) that all references to the "Cayman Islands" in Condition 8 relating to Taxation be replaced by the "Netherlands";

PROVIDED THAT the Deed Poli produced to the meeting is executed by Fletcher Challenge Finance Netherlands B.V. and Fletcher Challenge Limited, that Dutch and New Zealand legal opinions are executed in the form produced to the meeting, and that any Security Stock, which is necessary to maintain the security arrangements relating to the Bonds, is issued;

that Dutch and New Zealand legal opinions are executed in the form produced to the meeting, and that any Security Stock, which is necessary to maintain the security arrangements relating to the Bondis, is issued;

(B) sanctions any abrogation, modification, variation or compromise of, or arrangement in respect of, the rights of the Bondholders and the holders of the Interest Coupons appertaining to the Bonds (the "Coupons") against the Bonower and/or the Guarantor (whether such rights shall arise under the Fiscal Agency Agreement, the Bonds, the Coupons or otherwise involved in or resulting from the implementation of this Resolution); and (C) requests the Fiscal Agent to execute a Supplemental Agency Agreement in the form of the draft produced to this Meeting and for the purposes of identification signed by the chairman thereof with such amendments (if any) thereto as the Fiscal Agent shall request.

The attention of Noteholders and Bondholders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting which is set out in paragraph 2 of "Voting and Ouorum" below.

Copies of the relevant Fiscal Agency Agreements (including the Terms and Conditions of both the Notes and the Bonds) and the draft Supplemental Fiscal Agency Agreements and Deed Polis referred to in the Extraordinary Resolutions set out above will be available for inspection by Noteholders and Bondholders at the specified offices of the Paying Agents set out below.

Voting and Quorum

Bondholders at the specified offices of the Paying Agents set out below.

Voting and Quorum

1. A holder of Notes and/or Bonds wishing to attend and vote at the Meeting in person must produce at the Meeting either the Note, the Bond, or a valid voting certificate or valid voting certificates issued by a Paying Agent relative to the Note(s) or Bond(s), in respect of which he wishes to vote.

A holder of Notes and/or Bonds not wishing to attand and vote at the Meeting in person may either deliver his Note(s) or Bond(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or give a voting instruction (on a voting instruction form obtainable from the specified offices of the Paying Agents set out below) instructing a Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions. Notes or Bonds may be deposited with any Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions. Notes or Bonds may be deposited with any Paying Agent to (to the eatisfaction of such Paying Agent) held to its order or under its control by CEDEL S.A. or the Operator of the Euro-clear System or any other person approved by it, for the purpose of obtaining voting certificates or giving voting instructions in respect of the relative Meeting until 48 hours before the time fixed for the meeting and that all such instructions are, during the period of 48 hours prior to the time for which such meeting or adjourned meeting is conversed, neither revocable nor subject to amendment. Notes or Bonds so deposited or held will be released at the conclusion of the Meeting (or, if applicable, any adjourned such Meeting) or upon surrender of the voting certificate(s) or, not less than 48 hours before the time for which the Meeting (or, if applicable, any adjourned such Meeting) is conversed, the voting instruction receipt(s) issued in respect thereof.

than 48 hours before the time for which the intering (or, in applicable, any expectations of the Noteholders' Meeting. Notes, and, in the case of the Bondholders' Meeting, Bonds or the appropriate voting certificates or being prodes and holding or representing in the aggregate a clear majority in principal amount of the Notes or the Bonds (depending upon which Resolution is being approved) for the time being outstanding, if a quorum is not present at the Meeting, the Meeting will be adjourned and the Extraordinary Resolution will be considered at an adjourned Meeting (notice of which will be given to the Noteholders and Bondholders). The quorum at such an adjourned Meeting will be two or more persons present holding Notes or Bonds (depending upon which Resolution is being approved) or the appropriate voting certificates or being proxies whatever the principal amount of the Notes of the Noteholders.

be given to the Noteholders and Bondholders). The quorum at such an adjourned Meeting will be two or more persons present holding Notes or Bonds (depending upon which Resolution is being approved) or the appropriate voting certificates or being proxies whatever the principal amount of the Notes so held or represented by them.

Every question submitted to the Meeting will be decided in the first instance on a show of hands unless a poli is demanded by the Chairman of the Meeting or by the Issuer or by one or more persons present holding one or more Notes or Bonds (depending upon which Resolution is being approved) or the appropriate voting certificates or being proxies and holding or representing in the aggregate not less than one fittieth part of the principal amount of the Notes or the Bonds for the time being outstanding. On a show of hands every person who is present in person and produces a Nots or a Bond (depending upon which Resolution is being approved) or voting certificate or is a proxy shall have one vote. On a poll every person who is so present shall, in the case of the Notes, have one vote in respect of each N.Z.\$1,000 principal amount of the Notes so produced or represented by the voting certificates or produced or in respect of which he is a proxy or in respect of which he is the holder. In the case of the Bonds, every person who is so present shall have one vote in respect of which he is the holder.

To be passed, an Extraordinary Resolution requires a majority consisting of not less than three-fourths of the persons voting thereon upon a show of hands or, if a poll is demanded, then by a majority consisting of not less than three-fourths of the votes given on such poll. If passed, the Extraordinary Resolution will be binding upon all the Noteholders and the Bondholders, whether or not present at such Meeting and whether or not voting.

N.Z.\$50,000,000

161/2 per cent. Guaranteed Notes due 1988

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Banque Indosuez Belgique S.A., rue des Colonies 40, B-1000 Brussels

Dated: 23rd February, 1988

Other Paying Agents
Union de Banque Susse (Luxembourg) S.A.,
36-38 Grand Rue, L-2011 Luxembourg.

U.S.\$100,000,000 9% per cent. Guaranteed Bonds Due 1993 Principal Paying Agent Bankers Trust Company, Dashwood House, 69 Old Broad Street,

Other Paying Agents Banque Indosuez Belgique S.A., rue des Colonies 40, Bankers Trust Company, Four Albany Street, New York, N.Y. 10015,

B-1000 Brussels.

Banque Internationale à Luxembourg S.A., 2 Boulevard Royal, 1593 Luxembourg.

This Notice is given by Fletcher Challenge Finance (Overseas) Ltd.

Roh pledges democratic era

MR ROH TAE WOO, Presideot-elect of South Korea; yesterday Mr Roh is expected next week elect of South Korea, yesterday promised to usher in a new democratic era when he was re-elected chairman of the ruling Democratic Justice Party three days before his presidential inauguration. At the 50-minute party con-

vention, conducted in an austere style befitting the "ordinary man" image which Mr Roh is cultivating, the new leader pledged to bring democracy to the party itself by allowing the election of committee chairman and to broaden the party base and to broaden the party base. National Assembly elections, to ister with a record of resistance be held in April, so as to to authoritarian rule - Mr Lee achieve "democracy and pros- Hun Jae- but disappointed perity under conditions of sta- many people with the bility", and to stage success-fully the 1988 Seoul Olympic net last week.

Church leaders, lawyers and

others have criticised the pub-lic queueing on the grounds that it would intimidate voters

and disenfranchise those who

are not members of the ruling Kanu party. But the Govern-

ment says the procedure should reduce corruption.

to announce an amnesty for more than 7,000 prisoners, including 1,200 in jail for political reasons. His inauguration on Thursday is to be followed by a meeting with Mr Nobura Tak-Mr Roh has fully taken charge. eshita, Japanese Prime Minis-

the outgoing leader, will not take part in the ceremony, apparently in accordance with Mr Roh's wish to be seen to introduce a different style of government. Mr Roh has already appointed a Prime Min-ister with a record of resistance

Kenya poll system put to test

A CONTROVERSIAL pre-selection system for candidates in Kenya's March general election was low at least in Nairobl. The election campaign produces heated debate at the conductor and lateral and lateral later

stituency level and has already International opin

Sunday a local official caused that he called the election and uproar in a church by grabbing shunted aside Mr Justus ole a bishop's microphone during Tipis, his hard-line Security his sermon and telling him not to talk politics. Bishop Alexander Morks.

 The Government will repay
 \$500m in loans from the World Bank ahead of schedule during the first half of the year, the

Pinance Ministry said.
The ministry officials, who spoke on condition of anonymlty, said the decision was in response to the Bank's request for an early partial repayment. South Korea now owes the bank \$3bn in loans. South Korea repaid about \$9bn in public and commercial loans last year, reducing its total debts to \$35.6bn by the end of the year.

Hostage demands His failure to replace any of the main ministers with new spelled out

THE captors of Lt Col William

Higgins, the US Marine abducted in south Lebanon last week, have demanded Israeli-withdrawal from all occupied territories as the price for his In a videotape released by his

kidnappers early on Sunday the US officer, who headed the Lebanese unit of the UN Truce Supervision Organisation, said that The Organisation of the Oppressed on Earth had also Insisted that all Lebanese and Palestinians in Israell jails should be released and that US should end its involvement in Lebanon and the Middle East. Lt Col Higgins, who was grabbed by bearded gunmen on February 17 near Tyre, was

unshaven and expressionless on the videotape. He spoke, apparently from a text. In an even regimented

The Organisation for the Oppressed on Earth, a shadowy He announced the release of underground Iranian Intelli-nine detainees on the same day that he called the election and upon Mr Nabih Berri, the Minister of Justice who heads Amal. the mainstream Shia movement, to hait the hunt being made by its militia to find the missing

> His abductors have accused film of being a top secret agent for the Central Intelligence Agency using the UN as cover for his activities in south Leba-

Amal has shown unprece dented determination to find Lt. Col. Higgins who was seized minutes after meeting one of Amai's senior political officials

NZ to pay off debt with **Petro Corp proceeds**

party members queued in the been marked by stone-throwing midday sun beneath posters of and allegations of bribery. On

that it would intimidate voters and disenfranchise those who are not members of the ruling Kanu party. But the Government says the procedure should reduce corruption.

Only the most successful candidate was even kidnapped by his rivals in attempt to prevent his nomination.

At the national level the election is likely to bave only an indirect investodary and indirect investodary.

THE New Zealand Finance Mineral end of last September. There is ister, Mr Roger Douglas, said also around NZ\$1bn of shorter-yesterday that all the NZ\$788m (\$303.1m) proceeds from the said. sale of the Government's 70 per cent atake in Petroleum Corpo-ration of New Zealand would be used to pay off overseas debt, AP-DJ reports from Weiling-

Last week the Government announced it was selling the stake to British Gas of the UK. The Government will now retire about NZ\$1.4bn of overseas debt in the fiscal year end-ing March 31. It had already

decided on the repsyment of NZ\$600m of borrowing Mr Douglas said it was the first year since 1952 that New said. Zealand had acted to reduce its "M official overseas debt.

New Zealand's official over-

said.

Mr Douglas described the

repayment as "a drop in the bucket" compared with the NZ\$21bn of overseas debt which the Labor Party govern-ment inherited when it came to power in 1984. A strengthening of the New Zealand dollar since then bas helped to cut the bur-

den.
Public debt is the millstone around this country's neck. Servicing it is taking one dollar in every five the Government

"Meanwhile, the Government is rich in assets which in many cases are either failing to make seas debt of more than one year an adequate return, or have no to maturity stood at \$17.4bn, particular role in the fulfilment according to figures up to the of government policy."

Mahathir chooses loyal leaders for new party

Mahathir Mohamad, who appears to have warded off challenges after his party was declared illegal, has dropped all rivals from the leadership of his new party, Reuter reports from Knais Lumpur.

Dr Mahathir announced the line-up for the new United Malays National Organisation after chairing its first Supreme Council meeting on Sunday. Eight of the previous Supreme Council members loyal to Dr Mahathir's rivals, former Trada and Industry Minister

MALAYSIA'S Prime Minister Dr Tengku Razaleigh and former deputy Prime Minister Datuk Musa Hitam, were removed from the 34-member decisionmaking body. Dr Mahathir made his aides leaders. He said last Tuesday, when

Umno Baru (New Umno) was accepted as head of Malaysia's 13-party ruling National Front coalition, that the criterion for membership admission was loy-

alty to the party.
His original party, Umno, was ruled to be illegal early this month in a suit brought by 11

people, it has virtually crushed Mwakenya, the underground reduce corruption. At the national level the election is likely to bave only an didates in yesterday's poll are allowed to stand in the March 21 election, while anyone who gains more than 70 per cent of the vote is returned unopposed. First indications were that to prevent his nomination. At the national level the election is likely to bave only an drive and President Moi Is hoping that this year's election in turnout the critical figure in ment has had its aupremacy the vote is returned unopposed. First indications were that the national level the election is likely to bave only an indirect impact on government drive and President Moi Is hoping turnout the critical figure in turnout the critical figure in Markenya, the underground socialist movement. Kann has been a one-party state since 1982, parliation one-party contests questioned by Kanu leaders, will be better than the 48 per cent achieved in 1983.

By order of the Trustee in Bankruptcy in compliance with terms of Court Judgement No. RG 36,330.87 in the bankruptcy of an Oriental Carpet Merchant **AUCTION NOTICE**

Works.
The Government appears increasingly confident that, after the trials of more than 70 appears that the trials of more than 70 appears that the trials of more than 70 appears that the trials of more than 70 appears the trials of the tr

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togethar with a vast number of other outstanding items in sizes from 2' x 2' to 13' x 10' In accordance with the terms of the judgement the Court Appointed Liquidator has instructed the items be disposed of in The quickest possible manner PIECE BY PIECE by

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Financial Times Tuesday February 23 1988 HIS BUILDING THERE AR You may think we're asking you to do the have a system called 'Komstar.' impossible. But we're not. The film or 'fiche produced can then be Not if you've got Kodak on your side. used with any of our range of fast, reliable and That's because for 50 years we've been easy-to-operate reader-printers. market leaders in image and information man-And thanks to our unrivalled experience agement. We can make the handling of docuand understanding of customer requirements, ment information one of the most efficient all our systems are genuinely workable and parts of any business and so gain you a definite user friendly. competitive edge. For example, our VDUs have been To achieve this end we produce everyrefined to a point where they give far better thing from resolution simple deskthan those of top readerour rivals. But printers to the what does system that can all this attbreak the 45 second barrier. That system ention to detail mean to you? Quite simply, is called KIMS. it means greater efficiency. KIMS is based on the revolutionary There'll be less paperwork, fewer technology of the optical disk and is much information pile-ups. Staff will be freed more than just the ultimate filing system. from mindless, routine tasks. And you'll be able to use space more effectively It is a networked system of informaand efficiently. tion management which allows operators to work on any document they call up. For All of which means you'll be able to example, they can amend, annotate, word give your clients and customers a far better process or produce hard copy, all at the and more complete service. touch of a keyboard. And whether your work involves And every system is tailor-made to 6,000,000 documents or a mere 6,000 our clients that's precise reqdefinitely uirements, with something

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well worth finding out

Bush's victory in the New 20 states on that day. Hampshire primary, today faces a severe test of his ability to recover when voters in Min-nesota and South Dakota begin to select delegates to their

national conventions.

Vice President George Bush appears to have written off the twn states to concentrate on Texas and the South, but both Mr Pat Robertson, the former television evangelist, and Rep lack Kemp, have been campaigning vigorously
Indeed there is speculation
that Mr Robertson could chal-longe Senator Dole for first
place. Mr Robertson finished

second in neighbouring lows on Fehruary 8 underlining the seri-ousness of his challenge and he could bring his organisational skills to bear again in Minnesota. Like lowa, Minnesota is a caucus state where Mr Robert-son has built a solid base of

Christian Broadcasting Net-Such a finish would leave the

support among viewers of his

SENATOR Robert Dolc, his cuaes in 17 states on "Super Presidential campaign shaken Tuesday" March 8. Democratic by Vice President George candidates will be contesting in

On the Democratic side the stakes for one candidate, Senator Paul Simon of Illinois, sre higher. After his disappointing third place finish in New Hampshire behind Governor Michael Dukakis of Massachusetts and Rep Richard Gephardt of Missourl, Senator Simon - a mid-westerner from Illinois - admitted that he probably needed a victory in either South Dakota or Minnesota to stay in the

The main focus of the Presidential campaigns of the front runners in both parties is on Super Tuesday when over one third of the delegates to each party's convention are at stake, but Mr Simon is well sware that his rivals have made a major effort in both South Dakota and

invested heavily in Minnesota whose block of 86 delegates to the Democratic convention is an ottractive prize even though they will be distributed among poorly financed Kemp campaign struggling ahead of the proportion of the vote they
Republican primaries and caureceive.

Argentina condemns UK military manoeuvres

ARGENTINA is likely to gaining pollical and military request an emergency debate in advantages over the Argentine the UN Security Council on the Republic".

forthcoming UK military The resolution calls upon manoeuvres in the Faikland President Raul Alfonsin to Islands, following a condemnatory resolution unanimously debates in the UN Security

passed in the Lower House of obtain an international condem-the Congress on Thursday, but nation of the manoeuvres only published yesterday, which are scheduled for March sharply condemns the manoeuvres. It claims they are of a "The manoeuvres were continuation of an aggressive policy the UK), which is capability of the UK armed

Islands, following a condemna-make requests for emergency tory resolution unanimously approved by the Argentine Con-Council, and in the Permanent The resolution which was American States (OASI, to

opposed to the search for nego-forces to reinforce the 2,000 tlated solutions, and inspired in strong army garrison stationed the use of force as a means of there, in case of an emergency.

agencies have adopted a very

aggressive position in markets they consider desirable, and

mixed credits have been used

increasingly to win export con-

tracts in countries that would

quality of the projects they

Most agencies covered by the

IMF in its survey reported that

the debt crisis were levelling

off and recoveries were begin

Saya.
Officially Supported Export

lays on projects in developing

countries which had been inter-

rupted because of shortage of

There was no noticeable sec-

toral pattern to the problem but the countries involved were

Nigeria, Poland, Brazil, Argen-tina and Libya.

The official stressed that the

DMI.5bn deficit was a simple aggregation of premiums received minus payments made.

It took no account of the even-

tual recoverability of claims

hard currency.

atrategy.

Volcker warns on threat of recession

By Stewart Fleming in Washington

CONTINUED dependence on foreign borrowing to sustain America's economic expansion could lead to "financial chaoa and econamic recession," according to Mr Paul Volcker, the former chairman of the Federal Reserve Board.

Mr Volcker's comments eame as Mr Alan Green-span, his successor at the Fed, was preparing to make his first semi-annual report to the Congress on the con-duct of monetary policy. Last week, after several days of speculation in the financial markets that the inancial markets that the central bank might be on the verge of easing monetary policy and seeking to lower interest ratea, Mr Greenspan appeared to hint atrongly that no major change in the thrust of monetary policy was on the horizon.

Mr Volcker strongly defended the Fed against erities who have been charging that last October's slump in the stock market was triggered in part by rising interest rates. He said the central bank did not have much to apologise for.

Mr Voleker, speaking to Mr Voicker, speaking to the winter meeting of the National Governors Associ-ation meeting in Washing-ton on Sunday, said the US could not snstain its cur-rent borrowing binge indefi-nitely because foreign investors would lose confi-dence.

dence.
Borrowing at the rate of \$150bn a year or so "carries the seeds of its own destruction we are on a conrse which is essen-tially nusustainable," he

ing his tenure at the Fed. that ainee Americans ace not a nation of savers it was "dreaming" to assume that the nation's financing gap, its dependence on for-eign capital, could be closed by higher domestic savings.

Since cutting investment
was not desirable, that left
a reduction in the budget a reduction in the bridget deficit as the only viable course. There was, he suggested, probably no alternative to a tax increase to achieve that reduction. Robert Graham, recently in Bogota, on violence side by side with prosperity

Guerrillas fail to dent Colombian economy

tionally most ineffectual of the leftist guerrilla movements in Colombia has begun to make a

The small pro-Cuban Nacional liberation Army (ELN) has plasted its way into the public eye with an escalating series of attacks on economic targets. ast month 16 saparate assaults were recorded on oil pipelines, including the stratesic trunk-line carrying crude from the Cano Limon field to

the coast.
These attacks have on more than one occasion forced a tem-porary suspension of Colom-bia's 137,000 b/d oil exports and have highlighted the vul-nerability of the oil industry to guerrilla aabotage. The ease with which the guerrillas have been able to inflict serious damage also underlines the extent to which the Liberal govern-ment of President Virgilio Barco is stretched to maintain aw and order in a vast country with a poor infrastructure.

Until now, the exceptionally high level of violence and perright level of violence and per-sonal insecurity caused by a combination of guerrilla insur-gency, the activities of a power-ful drug mafia and a high level of common criminality has had remarkably little direct impact upon economic performance or nvestor confidence.

Alone on the continent, Col-ombia has sustained continuous growth throughout the past frowth throughout the past five years of the debt crisis. Last year the economy grew 5.6 per cent and private sector investment was up 10 per cent. Foreign investment in the first ten months of last year totalled



\$2.9bn - double the level of 1983 - reflecting the continued inflow of funds into the devel-opment of oil and coal.

One simple explanation for this phenomenon of violence side by side with prosperity is the large supply of dollars from the illegal drugs trade. Accordlng to government officials familiar with the drugs trade, the net Inflow of "narco-dollars" is around \$900m - the precise figures being confused by the known under-involcing in other exporter sectors, espe-cially coffee and fresh-cut flow-

While this drug money provides a cushion, it is does not fully explain the buoyancy of the economy. Experts at the Banco de la Republica stress the traditional strength of Colombian agriculture which provides 22 per cent of GDP. vides 23 per cent pf GDP.

Coffee la the mainatay of ers have reduced their holdings agriculture and in a medlum concentrating on more secure year will \$1.7bn, over a third of units which are better farmed



Virgilio Barco: stretched

total export earnings. Coffee production, situated round the central highland town of Mani-zales, has been affected neither by guerrilla violence nor by the drugs trade. Another leading export business, fresh cut flowers generating over \$170m a-year, ia based on the safe pla-teau round the capital, Bogota. Nevertheless, the four guer-rilia groups, totalling no more than 15,0000 under arms, are reclosed to control up to one

reckoned to control up to one third of all arable land. They have not hesitated to burn crops, murder and exact extor-tion through kidnap and protec-tion money, especially among the large cattle ranchers in the south round Cali and the Cauca region. But even under these circumstances production has suffered less than might be

expected,
Some big landowners have
been forced to sell out and others have reduced their holdings

The guerrilla groups have encouraged yeoman-style farmers to set up and unlike other strife-torn Latin American countries, the peasants have not felt constrained to migrate. In El Salavador, Guatemala and Peru, for example, insurgency has forced peasants to either crowd into the cities or move to safer rural areas where they create friction with the local inhabitants over land and jobs.

The sense of stability within the climate of violence is reinforcad by the balanced nature of the economy, and the highly conservative approach nomic management.

Colombia has built up net reserves of \$3.4bn, equivalent to 13 months imports or almost a quarter of the total foreign debt. The country's healthy payments situation has meant that the \$15bn foreign debt has been extricted without the kind. been serviced without the kind of austerity measures witnessed elsewhere in the region. Indeed, unemployment has begun to fall rapidly in the past two years with the most new jobs being created in construction, electrical goods manufacture, leather and textiles. Unemployment has dropped 3 per ployment has dropped 3 per cent since 1986 and is almost below 10 per cent.

Private sector confidence con

with capital intensive methods. Elsewhere, the drug barons have indulged their desire for respectability in large land purchases. Some of the finest estates in the Cali and Medeillin areas are now drug financed, and policed by the mafia's henchmen. right-wing death squads who have carried ont a systematic campaign of Intimidation and extermination over the past

decade. Preliminary official estimates point to overall growth slowing to 5 per cent this year – still well above the regional aver-

The principal variants in the picture will be the fate of oll exports, improvements in coal sales, the international price of coffee and the level of domestic confidence. The latter is the hardest to gauge in the aftermardest to gauge in the atter-math of the government declar-ing an all out war on the drug barons following last month's brutal assassination of the attorney general.

However, it is possible that the uncertainties caused by the more determined fight against the mafia, coupled with height-ened guerrilla activity, will begin to affect business confi-dence, especially foreign confi-

Oil is now providing just under \$1bn a year in exports and the petroleum industry has become the most visible evidence of foreign confidence in Colombia. In targetting oil installations, the guerrillas could well have a dispropoctionately large impact - both in exposing government impotence and in undermining foreign con-

Swaggart tries to minimise the damage

MR Jimmy Swaggart, the US cern for him lies the fear that television evangelist, is not protracted public aerutiny of alone in praying that his swift yet another church sex scandal confession of his sexual sins will further undermine their will minimise the public damministries and campaigns. So age to himself and his religious far his friends have railled around him. "You'd love to let the lack of details merely

"I take the responsibility. I take the blame. I take the fall," he sobbed to his 8,000-strong Louisiana congregation on Sun-day. He said he was stepping down from the church after evelations that he had met prostitutes. Words of forgivenesa flowed swiftly from many fellow US charismatic Christians and politicians who tap the moral fer-vour the evangelists Inspire. However, beyond their con-

far his friends have railled around him. "You'd love to let the people know the real story," one of his close associates said, "but I have to abide by church orders not to comment."

ment."
This support could crumble under intense public and media scrutiny, however, as it did almost a year ago in the case of Jim and Tammy Bakker. The Bakkers, like Mr Swaggart, members of the 3m strong Assemblies of God pentecostal church, fell from grace in a

isfy his followers close at hand, the lack of details merely heightened Interest among some segments of the public. Thus, the media is digging deeply into the exact nature of his sexual sins which reportedly involve paying prostitutes to perform

Swaggart and Mr Bakker virtu-ally guarantees that the Swag-gart scandal will rumble on. Fellow television evangelists are likely to experience a fur-a Christian broadcaster.

from viewers although, as they found in the aftermath of Bakker, those can be rebuilt Politicians do not have time however. Primaries are on them now and final elections are only nine months away. The person who stands to attract the most hostile questioning as the scru-tiny intensifies is Mr Pat Rob-ertson, the Republican presi-

paying prostitutes to perform dential candidate.

The wide public fascination with the fall of men like Mr Swaggart and Mr Bakker virtually guarantees that the Small surgest that the

Reagan to hold press conference

PRESIDENT Reagan will hold a press conference tomorrow, his first since October 22, the White House announced yesterday, Renter reports from Washington It will take place a week before Mr Reagan is due to traval to Brussels for a Nato

Panama Canal

IN the Pinancial Times of February 22 it was erroneously stated in an article on Panama that 60 per cent of US exports and US-bound trade passed through the Canal. This should have a seed that the control of the canal that are the control of the canal that are the control of the canal that are the canal that the canal bave read that 60 per cent of Panama Canal traffic consists of goods being carried to and from the US.

WORLD TRADE NEWS

Export credit agencies 'face fall in demand'

BY PETER MONTAGNON, WORLD TRADE EDITOR EXPORT credit agencies face a agencies has intensified. Some

continuing decline in new medium-term credit business despite a generally mure open attitude to the provision of cover, even for countries with a history of payments difficulties, according to a new study of export credit flows prepared by the International Monetary Fund. Weakness in demand has be more selective about the

been general and, in fact, some of the more marked declinea have been for countries where the agencies are quite open," the IMF says. Even countries with nu payments difficulties have been cutting back on large, public sector projects for which export credit insurance has traditionally been sought.

The decline in credit demand has meant that higher premiums for riskier countries have had little impact on the overall has also been affected by a shift in business towards the sector, could provide technical better-rated industrial coun-assistance in thia respect, or at

tries, it says.
The IMF notes a distinction between medium and short term business, which has held up well in developing countries. claims payments resulting from Some agencies have even the debt crisis were levelling increased such husiness, but it warns that this may have ning to rise.

added to the pressure on developing countries by increasing able developments, agency defi-their short-term debt burden. cits are expected to remain ln some cases, capital goods large in absolute terma," it In some cases, capital goods that would normally have attracted medium-term cover are now being financed over Credits. Price \$7.50. Publica-

e short term.

"In the context of weak Monetary Fund, Washington DC demand, compelillon among 20431.

HERMES, the West German export credit guarantee office, has reported a higher-than-ex-

pected deficit for 1987 of about DM1.5bn (\$500m) - nearly DM500m up on the previous

year. David Goodhart reports.

An Economics Ministry assistant secretary, admitted: "This is rather higher than we had been looking for".

for the overshoot. First, a large number of rescheduled claims

were not paid. Second, the

agency was hit by higher out-

There were two main reasona

Hermes reports higher

than expected deficit

in offer to boost Gatt talks By David Buchan in Brussels

rent Gatt trade talks.

But Mr Hans-Dietrich Genscher, the West German Foreign Minister who chaired yesterday's EC ministerial meeting, warned that Japan would have to respond with "market-opening" measures of not necessarily be major aid recipients," the 1MF says. Export credit agencies should its own if it wanted to benefit from the EC offer. A similar EC finance and explore ways of responding to the increasing role of the private sector that many developing countries now see as part of their economic offer in 1979 lapsed because Japan did not reciprocate.

The EC Commission will now The agencies have generally been reluctant to provide cover to private sector buyers because of inadequate security and legal protection. The IMF suggests that the International Finance Corporation, the World Bank affiliate that promotes financial flows to the private least further investigation of

> The EC offer is essentially political. None of the national quotas which individual EC member-states have offered 10 scrap are of major commercial

used tyres in the case of Ireland, to jute sacks in the case of the UK and France, to cutlery in the case of Italy. They do not, for inatance, include cars, of key interest to

Italy had argued that no concessions should be made that could possibly benefit Japan, until that country further opened up its market. But a majority of EC states yesterday majority of EC states yesterday or revailed over Rome's objective of the majority of the majority of EC states yesterday would bring about a similar import restrictions. Material prevailed over Rome's objections, on the argument that an reduction in its ERA by liberal-EC offer to "roll back" quotas would put the onus to act on

gave their blessing yesterday to recent textile import accorda which the Commission has negotiated with Turkey and

But to soothe Portuguese fears about rising imports, the Commission was instructed to give the Council of Ministers an early atudy on the state of the

EC states

THE 12 European Community

member-states yesterday agreed on an offer to scrap certain national import quotas to give a fresh boost to the cur-

table the quota-scrapping offer in the continuing Gatt talks in Geneva. At Punta del Este in September 1986, Gatt participants committed themselves to "roll-back" quantitative restrictions on trade, and yesterday the EC claimed to be the first to fulfil this commitment. The EC has already made trade-liberalising proposals on agriculture, services and intellectual prop-

They range from chicory roots in the case of Belgium, to

EC foreign ministers also

Richard Gourlay looks at plans hampered by a severe shortage of foreign exchange

Manila opens lines to telephone contracts

PHILIPPINE Long Distance
Telephone, the telecommunications company, says eight equipment suppliers have submitted bids for a \$365m expansion contract, but it is proving difficult to finance because of the country's source charges. of foreign exchange.
About \$173m of PLDT's

so-called X-Five Expansion will be for the cost of imported equipment – local exchanges, 130,000 new lines and a digital gateway, or toll exchange that links foreign and domestic users. The balance is the local peso cost.
PLDT expects bids before the

February 28 cut-off date from Siemens, AT&T, Northern Telecom, Ericsson, Plessey, NEC, Fujitau and Alcatel-SEL. The company, which is traded on the New York and Manila stock exchanges, has a virtual monopoly of domestic and international voice traffic.

The deal has the additionally attractive aspect in that PLDT Commission for permission to months of imports. It will pay lends to the private sector add 350,000 more telephone \$2.3hn of what it expects to financed a \$24m portion for all lines and more exchanges at a earn from exports — between early stage of the programme.

This aecond phase of the expansion is far from cast in stone and further atill from being approved by the govern-ment. But it may bave sharp-ened terms in the current bid-ding if suppliers think they will gain a head start in the second phase of expansion by having already supplied compatibile equipment.
The country's shortage of for-

eign exchange means that the financing package a aupplier financing package a aupplier can arrange for PLDT will be as Important as the technical capability of the equipment.

Last year 483 commercial bank creditors reacheduled \$13.2bn of the country's \$28bn of debt and will see their first principal repayment at the earliest in seven years. As a result, many banks are unlikely to lend new money, bankers say, effec-tively cutting PLDT off from the international eredit market for the moment.

attractive aspect in that PLDT
will next month ask the National Telecommunicationa
National Telecommunicationa

Purthermore, the Philippines has less than \$1.8bn in foreign reserves – the equivalent of 3%

Telecommunications sector has been singled out as vital for development

\$6bn and \$7bn - in debt service in 1988. Any financing package that would increase the strain too much on the depleted reserves will simply not receive central bank approval.
PLDT and its potential suppliers appear to be left with three options, all of which they are pursuing. The first is to seek help from multilateral aid lend-

ers, some of which are increas-ingly interested in financing private sector investment in infrastructure that will help

The Manila-based Asian Development Bank is consider-ing a loan for the first X-Five Expansion while the Internalends to the private sector. financed a \$24m portion for an

funds for expansion by refinan-cing some of its \$500m of foreign debt - possibly more than \$200m - which is falling due in the next few years. The moratorium on debt repayments agreed with the commercial banks in 1983 means PLDT still has to meet its commercial repayment schedule but pays in pesos, instead of foreign cur-rency and to the Central Bank rather than the creditor.

Finally, PLDT could use supplier credits, details of which the bidders have been asked to submit with their technical proposals. Although auppliers may have to arrange the bulk of the credit, this route is complicated by the near certainty that the central bank will not approve a government guarantee.
The telecommunications sec-

tor has been singled out by Mr Jose Fernandez, the governor of the central hank and President Corazon Aquino aa a crucial sector for development in the tional Pinance Corporation, the World Bank's affiliate that ment is reluctant to continue guaranteeing private companies vying for the country's scarce

– a practice that was often foreign exchange with a plethabused during the years of forora of other worthy causes.

Second, PLDT is trying to free mer President Ferdinand Mar-ends for expansion by refinan-ing some of its \$500m of for-country's largest private company.
PLDT's backers are hoping that the second phase of the

that the second phase of the X-Five Expansion may encourage export credit guarantee organisationa, like Hermes in West Germany and the Overseas Economic Co-operation Fund in Japan, to offer political risk cover for more than 85 per cent of the coverse.

cent of the contract.

PLDT is clearly in need of new equipment and a shake-up in its service if the Philippines is to compete with countries like Thailand as a home for international investment.

The bureaucracy-ridden giant, with total assets of more than \$900m, la creaking from lack of expansion – there are 275,000 applicants for phones and they may wait for up to three years to be connected. However, both PLDT's expansion plans are still dependent on central bank approval. Despite the priority being given to telecommunications, PLDT is

Fresh trade yardstick urged

BY WILLIAM DULLFORCE IN GENEVA

AUSTRALIA yesterday pro-posed a yardstick which it suggested could help nations make a broader attack on trade protectionism in Gatt's Uruguay Round.

By measuring the effects of government subsidies, price controls and indirect supports, as well as of tariffs and import quotas, the Effective Rate of Assistance (ERA) could be used as n tool by countries bargaining for reciprocal and equitable cuts in protection, the Austra-

ising these controls and sup- n ports. The ERA is calculated by tak-

price obtained by the domestic subsidy of 10 per cent is given producer is assumed to be an to the manufacturer of the asalsted price, reflecting the yarns used, the value added effects of the various asais- with asaiatance increases to tances provided. \$66.
The difference between the The ERA to cloth, expressed

price, expressed as a percent-

Australia and Israel yester day signed a five-year trade agreement to boost bilateral trade and promote joint ventacea, Andrew Whitley reports from Jerusa-

by Mr Bill Hayden, Anatra-lian Foreign Minister, at the atart of a visit to Israel. He urged Israel to increase its In a almplified example,

import restrictions. Material inputs (yarns) cost \$60, giving value added at world prices of \$40.

If a tariff of 20 per cent is Ing the world price of a product levled on cloth, raising the as the unassisted price. The imported price to \$120, and a

value added (per unit of out- as a percentage of the world put) in the domestic price and price, would thus be 65 per the value added in the world cent. Backing the Australians' proage of the world price, is the posed yardstick is the argument

that, to get a grip on the prob-

imports of Australian steam coal and wool. Israel last year exported goods worth \$70m (£39m)

to Australia, primarily chemical fertilisers, polished diamonds and metal products. Coal constituted half its importa valued altogether at \$50m - the balance coming from purchases of wool and rice.

iem of trade protection, some

means is urgently needed of assessing the impact of all the grey area" barriers and hidder supports, such as voluntary export restraint agreement and domestic subsidies, that have proliferated over the past decade and have negated the value of Gatt's tariff cuts. So far, the Australians argue

because of the absence of an objective measurement for the so-called non-tariff measures, countries have negotiated agreements to limit their "legal" use rather than deal with them through multilateral liberalisa-

Economists already use the ERA to estimate the influence on government policies on the allocation of resources within national economics.

Foreign groups share in French phone operation

BY DAVID THOMAS IN LONDON AND PAUL BETTS IN PARIS

BRITISH, American, Belgian, Dutch and Italian companies are taking minority stakes in France's new cellular telephone operation, which is due to start perating next year. The announcement marks one

of the first moves in the long-expected internationalisation of Europe a fast-growing cellular networks, which have mainly been operated by companies based in each country. The French Government recently awarded a 15-year franchise to establish a new cel-

lular service, using existing in developing the next generaanalogue technology, to a contion pan-European digital cellusortium led by Compagnie Generale des Eaux.
The service is intending to cover 85 per cent of the French les, group has won a \$10m conpopulation.

Compagnie Generale des Eaux holds 41 per cent of the consortium, with other French companies making up a further 46 per tiona system between Barcelona The consortlum has just announced its first foreign partners. Racal, the British electronics group which runs the Vodafone cellular network

large regional telephone companies in the US.
Racal is paying FFr10m
(S1m) for the equity and a further FFr10m in loan capital.
It intends to make available

its expertise in running Voda-fone to the French consortium. The other new partners are Fabricom, a Belgian group which will own 4 per cent; and Magneti Marelli, a Fiat subsidlary, and Bromley international, a Dutch company, which will own 0.5 per cent each. will own 0.5 per cent each. Racal also intends to co-oper ate with the French consortium

lar service which is due to start operating in 1991.

STC, the British electron-

and Majorca.

• ISC Cardion Electronies of Long Island, New York, Has been awarded a contract worth nearly \$5m (\$2.7m) to supply the Naval Material Command of in Britain, will own 4 per cent, Denmark with two additional. as will BellSouth, one of the coastal radar systems.

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BY CL. VE 1700

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> resigned wo ... NatWest Intest as a director-West to and investment bank few years after and was approximative in 1985 State

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Mr Vil.

BY PHILIP STEP A COMMITTEE members of paraday erged the to commit fixed the to commit fixed this year's said nurses But party lines over increase in resonance (NHS). The Treasure vice (One of the Could be made averaged allocate it. allocate it. The committee

apending target for financial year April could be tetween £1bm of £2bn while still expenditure fell a of national income. The report ad
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BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

ALL PRODUCTION of Land for strike action in the ballot.

that only "a couple" of production workers had reported for work.

The company is offering a two-year pay deal which, it says, is worth 14 per cent over that period. The unions say that figure is inflated by the consolidation of existing cash bonuses and is worth nearer 8 per cent in new money.

Until yesterday. Land Rover

exaggerated the level of sup-port for the atrike. It may now have to reasses that strategy, although yesterday the com-pany would only say that no more money would be made

available. Mr Sam Robinson, chairman

ALL PRODUCTION of Land Rover and Range Rover vehicles was at a atandstill yesterday.

The company's 6,000 hourly-paid employees at Solihull, in the Midiands, gave overwhelming support to the strike called from midnight by the plant's five unions over a two-year pay offer.

Land Rover acknowledged for strike action in the ballot. This gives an indication of just how wrong they were." Mr Robinson said the workers were ready for a long strike if neces-arry, a ciaim supported by those on the picket line. "But the ball's in the management's court," Mr Robinson said. "We are ready to go into negotiations with them at any time as soon as they have a

Land Rover acknowledged that only "a couple" of production workers had reported for As dawn broke yesterday 200

per cent in new money.

Until yesterday, Land Rover
maintained that unions had plant threatened to make the pickets' persuasive powers redundant, they turned their attention to clerical and supervisory staff. Some appeared sympathetic to the manual workers' cause and earned loud applause by turning back.

The police presence during of the unions' joint negotiating the morning was minimal, with committee, said: "All the time the molice largely restricting the management have taken the attitude that people didn't vote surrounding roads.

Charles Leadbeater looks at mounting pressures as workers put the brakes on long-term settlements

Pay deals put motor industry through testing time

with the Ford manual workers' strike settled, Land Rover made a profit of \$7m in the first half of 1987, workers out from yesterday, and workers at Renault's truck plant planning action from the strike that the first half of 1987, whole of 1986. Renault made its first operating profit last. Thursday, where do industrial relations in the motor industry stand, and what is coming down the track for the other companies?

Companies?

Companies such as Jaguar, the profitable luxury car maker, Peugeot-Talbot, the oew saloon car maker, and truck maoufacturers such as Leyland-Daf, face different product markets, and thus different pressures in collective bargaining.

Nevetherless, there will be common themes, particularly the pay expectations of car workers, engendered by improvements in productivity and profitability, against the backdrop of a tightening labour market. • As Land Rover's 6,000 man-

ual workers enter their second day on atrike, managers at Renault Trucks in Dunstable seem to be preparing for an all out atoppage by about 700 man-ual workers from Thursday. Like Land Rover, where the company says it has offered a two-year deal worth 14 per cent, which the workers say is worth 8 per cent in new money, the Renault dispute is simply

its first operating profit last

year.
Leyiand-Daf concluded a two-year deal in September 1987 and Iveco-Ford signed a two-year agreement in February this year.

A senior executive at lveco-

A senior executive at Iveco-Ford said: "I thought pay pres-sure in the truck industry would be restrained by the continuing problems of over capacity, but perhaps the Renault dispute indicates that

 Pay negotiations covering 8,700 manual workers at Vauxhall Motors, the UK volume car subsidiary of General Motors of the US, are expected to be com-pleted on Friday. This follows a series of ballots at the main plants at Ellesmere Port and Lutoo, in which electricians have voted against the intro-duction of a revised pattern of maintenance shifts, production workers voted narrowly for strike action, and their col-leagues at Ellesmere Port voted

to accept the deal.

The negotiations have been tense and have taken much longer than the previous negotiations in 1985. The company dropped plans for individual performance related bonuses, about pay. The company has offered a 6 per cent rise, with a two-hour cut in the working week, which will be produced by a reorganisation of working on Friday it would be the com-

pany's second two-year agree-

GM/ISUZU JOINT VENTURE ADDS 500 JOBS FOR NEW SHIFT pean countries announced by IBC yesterday. Previ-

who is now IBC'a vice-presi-

dent. IBC's disclosore of its

expansion plans repre-sented a major turn-round

in the fortunes of the plant.

which until last October had been operated by Bed-ford Commercial Vehicles, a now-defunct wholly-owned

ABOUT 500 new jobs are to be created at IBC Vehicles, be created at ISC venicles, the joint venture company formed by Geoeral Motors and Isuza of Japan last year to save GM's Bedford panel vans plant at Lotoo from closure, John Griffitha

The extra jobs, which will lift the total work force to 1,700, are for the introduction of a second shift aimed at increasing production to 34,000 unite this year from 19,000 in 1987.

Of this total, some 14,000 units are intended for an export drive into 14 Euro-

wants far reaching changes to

ment, with rises worth between 11.8 per cent and 14.6 per cent, the manual settlement: a twoyear deal worth at least 14 per cent a year. White collar union which would take the basic pay of the average assembler from £172.66 a week to £204.17. leaders have oot ruled out the possibility of industrial action. The company expects to announce a small net profit for 1987, the first for ten years.

While Ford has settled ite dispute with its 32,600 manual Negotiations at Peugeot-Talbot, which are due to begin in October, may be the most interesting test of whether there has been a shift in industrial relaworkers, it will resume negotia-tiona today with its 12,000 tions: the two-year agreement the company signed in 1986 expires on December 31. white-collar staff. The company

The agreement has coincided with a marked improvement in the role of supervisors to comthe company's performance: It expects to announce a profit for plement the Introduction of team working and group lead-1987 of more than £10m, its
first for more than 10 years.
Production in 1988, will build
to 80,000 vehicles a year, with 1984 lasted two-and-half ers on the shop-floor. It is expected that the company will revise its offer to white collar staff, in line with

despite investments totalling \$70m over the previous three years. ously, exports of the vans currently produced at Lutoo have beeo "nominal," according to Mr Nick Reilly, a former Vanxhall director

Mr Beilly said yesterday that while IBC woold not achieve an operating profit in its first year, "substan-tial progress" had already been made in redocing losses and IBC hoped to opproach breakeven by the eod of this year.

IBC is 60 per ceut owned by GM and 40 per ceot by Isuzu, the Japanese car and commercial vehicle pro-GM subisdiary.
The Luton operations had been losing £½m a week, docer in which GM has a stake of just over 40 per

the introduction of a second shift from April. For the workforce the threat of redundancy and closure will have passed: for many the profits may be taken as a signal that the time for reaping deferred rewards has come. The stability of the company's industrial relations - the

last major dispute was a three-month pay strike in 1980 - may be tested to the full. The last agreement included pay increases of 6 per cent, to bring the weekly wage for the average assembler to about

weeks. In October the company will come to an end of its third successive two-year agreement,

with its trading losses cut. The next agreements, covering 26,000 manual and 7,000 white collar workers is likely to introduce a single pay structure for all employees. This could pave the way for manual work-ers to press for shorter working

hours. The 1986 agreement, with basic pay increases of 3 per cent a year, improved productivity bonus esrnings, and a quality bonus esrnings, and a quality bonus, has taken the basic pay of the average assembler to £179.81 a week. Bonuses average £30 a week.

Over the last year Jaguar, has lost less than an hour's production per employee through industrial action. The last two-year agreement, covering 9,000 manual workers, has taken the pay of the average assembler pay of the average assembler from £142 a week to £170.

Profits in 1986 were £120.8m, on turn over of £830m. The last major stoppage was a seven-day strike four

years ago.

Nissan is due to conclude its next pay deal by January l next year, after a two-year deal signed last year, which improved basic pay by 7.5 per cent in 1988 and 5.5 per cent this year. The plant was set up with the most streamlined working practices

Other than Peugeot-Talbot, Nissan is the only company to introduce monthly salaries for its production workers.

NatWest Securities executives resign

BY CLIVE WOLMAN

la la la Cara,

Mr Jonsthan Cohen yesterday with Arthur Andersen and resigned as chairman and chief worked in a venture capital executive of County NatWest firm. Mr Jonathan Cohen joined Securities, the securities subsid- the bank in 1974 from S.G. iary of National Westminster Warburg and became chief

ted in response to mounting criticism and publicity in the media about the losses suffered by the bank's traded options mal discussions with other col-department during the October leagues in the securities firm stock market crash, partly as a and in the main bank. Since the result of the massive exposure October crash, morale within were allowed to trade through as a result of a series of revela-the bank and were not able to tions:

the bank and were not able to meet their debts.

However, Mr Charles Green, NatWest deputy chief executive, denied last night that the resignations were in response to further suggestions published on Friday that the bank may have been in technical breach of a section of the Companies Act. 23 a result of the arrangements it made for the undisclosed holding of a 9.5 per tions:

A 26-year-old accountant, Mr Anil Gupta, was allowed to run up debts of more than \$1m by trading in options through the farmer, Mr Alexander MacLennam, ran up debts of \$3m, also thanks. cent share stake lu Blue Arrow, a corporate client.

"We already knew internally of the losses ou our traded options but the publicity last week and build-up of press critweek and build-up of press critlciam did not help morale lu
what is a people organisation,
Mr Green said. He added that
the bank knew of no Trade and
Industry Department inquiry to
into the Blue Arrow stake and
into the stake taken in Blue
Arrow, shortly before the
crash.

The Blue Arrow stake was
acquired because of the poor
response from investors to a
large share issue made by the
company to finance a US acquisleion.

Mr Terry Green, a board Several key executives have director of both NatWest and been dismissed or have resigned its investment banking arm, has as a result of the traded options

and was appointed chief execu-intensive and uneconom tive in 1985. Lex, Page 20

MR CHARLES VILLIERS and He had been an accountant bank and one of the three largest securities firms in the UK.

The resignations were submitBang reforms of the Stock

Exchange.
Their resignations were submitted after five days of inforof a few private investors who the securities firm has suffered

suffered losses of £69m in the October crash, more than any other UK firm, primarily as a result of the stake taken in Blue

its investment banking arm, has as a result of the traded options been appointed as a stopgap as losses and as part of the reorliead of the investment bank ganisation following the acquirand securities arm. He retains sition of the securities firm responsibility for group busi-Wood Mackenzie in January.

County NatWest also Mr Villiers, aged 47, also announced yesterday that it resigned as chief executive of was winding up its North NatWest Investment Bank and American equities dealing operas a director on the main Nat-ation in London, marking the: West board. He joined the departure of the last British investment bank in 1972, only a firm from this market. It said few years after it was set up, that the operation was "labour and was appointed chief execu-intensive and uneconomic."

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but flexible package which meets the needs of the most discerning

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Mercury Court's success can be measured in other ways too. The restoration of the original neoclassical facade and the provision of a new landscaped square have

brought a breath of fresh air to the surrounding area.

There are signs too that the project has given a new lease of life to Liverpool's commercial centre and encouraged others to invest in office development.

Mercury Court is only one of over 650 developments managed by English Estates, all of which are helping the private sector to generate economic activity and create jobs in areas where they are needed most.



State 'should pay award'

The committee said the public spending target for the 1988/89 financial year beginning in April could be raised by between 51bn (\$1.74bn) and \$2bn while still ensuring that expenditure fell as a proportion of national fractions.

cxpenditure fell as a proportion of national income.

The report added that the Government should agree to pay for whatever salary increases it agreed to implement following the report of the nurses pay review beard in April. This would remove the "damaging uncertainty" facing health authorities.

Mr Terence Higgins, the committee chairman, said the cash to fund the award could be found from the Treasury's \$3.550 contingency reserve.

The committee also called on the Treasury to take account of higher-than average inflation in sectors such as the health service in presenting its spending plans. Prices in the NHS traditionally rise faster than average such as the real value of inflation for the previous year.

vice in presenting its spending ment should publish as plans. Prices in the NHS traditionally rise faster than average, so the real value of infla-

A COMMITTEE of backbench tion-adjusted increases in the

A COMMITTEE of backbench members of parliament yesterday urged the UK Government to commit itself to paying for this year's salary award for nursea. But it is split along party lines over a more general increases in resources for the state-run National Health Service (NHS).

The Treasury and Civil Service Committee, in u report on Government public spending plans, said additional cash could be made available for the NHS if the Treasury chose to allocate it.

The committee said the public particle of the NHS as a "leaking steam engine." Resources would be better allocated to tax cuts,

better allocated to tax cuts, particularly the top rates of

income tax.

The committee is critical of the way the Government sets priorities for different programmes. "We are not con-

English Estates, St. George's House, Kingsway, Team Valley, Gateshead, Tyne & Wear NE11 0NA. Tel: (091) 487 8941

By Our Belfast Correspondent

ULSTER UNIONIST leaders Mr James Molyneanx and the Rev Ian Paisley yester-day ruled out talks with Mr Charles Haoghey, Irish Republic Prime Minister, until formal suspension of the Anglo-Irish agreement which gives Dublin a say in the affairs of the north. In a joint statement, the two leaders said that, if negotiations took place on new structures for Northern ireland, those engaged in them would seek "n normalieution of relationships" between Northern Ireland and the Irish Republic.

Responding to Mr Hanghey's invitation to talks with-out pre-conditions, Mr Pais-ley and Mr Molyneaux said any new agreement would have to be negotiated between the British Government and the constitutional representatives of the peo-ple of Northern Ireland. The joint statement said: "Unionists cannot necept that the spokesmen and representatives of Northern Ireland nationalists should be Mr Hanghey and the Dub-lin Government. The real representatives of the nationallets are those elected from their ranks in Northern Ireland."

The Unionist leaders and

the agreement had to be set aside by both the British and Irish Governments.

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Renewed calls for British voice in EC standards

Companies oppose DTI plan

to set goodwill against profits

Grand Met's campaign ful-

lows its acquisition last year of Unblein, the Smirnoff vodka

manufacturer. It wrote nff £850m of goodwill arising from the deal against its revaluation

reserve - something it would not be able to do under the

DTI's prepasals.
The rhange in the law would

prevent campanies from writing off goodwill against either

their revaluation reserve when assets are revalued or their

share premium account.

A number of fluance directors

ness's acquisition of Distillers a number of interrelated issue

and llansan's takeover of impo-rial. that should be considered tagether when looking at

backing Grand Met have called on the Government to put off any change in the law until the Accounting Standards Commits any change in the law until the Accounting Standards Commits are the than declines, and lee has completed its own set should not be treated as a set of the commits and the commits are the commits are the commits are the commits and the commits are the commits are the commits are the commits and the commits are the commits are the commits are the commits and the commits are the commits are the commits are the commits and the commits are the commits are the commits are the commits and the commits are the commits and the commits are the commits are the commits are the commits and the commits are the commits are the commits are the commits and the commits are the commits ar

lu badation.

BRITISH INDUSTRY could lose out in the unified internal mar-ket planned by the kC for 1992 if it does not pay more atten-tion to work under way to pro-duce harmooised product standards, a seniur Department of Trade and Industry official

warned yesterday.
Ms Mariaooe Neville-Rolfe,
under-secretary in charge of internal European policy, said: it is no use having the best standards nationally if we do not play an active part in the Kuropesn standards process and so fail to get our practice

Noting that the prominence of West German standards for electrical equipment had conferred significant advantages no German manufacturers, Ms to German mannermers, as Redfe told a semioar organised by the Federation of British Electrotechoical and Allted Manofacturers Associations that the Gavernment was conerned that Britalo was underrepresented in Kurapean technisil committees.

"We need to do far more to make our voice effective," she "Industry and commerce must make good people avail-new industrial product stan-able to undertake the technical dards for the internal market.

SKVERAL large companies are supporting a campsigo to block a proposed change in the law which could reduce companies' reported profits. The proposal would force some campanies to set goodwill against profits over a number of years because their free reserves would be too small to about the goodwill.

small to absorb the goodwill.

Supporters of the campaign, hunched by Grand Metropoli-tan, Include Guinness, Alfied Lyans, Whitbresd, Reed Inter-national and Reckitl & Colman.

They are opposing a Depart-ment of Trade and Industry

proposal that would prevent rumpanies from writing off

goodwill arising nut from take-nvers against certain types of

and they simply could not write all the standards which would be required. "Fur some time to come we will have to continue

Lord Cockfield said the EC was making additional finance available to these bodies but

warned that liritain was slow to wake up to the opportunities

to rely on national standards where European standards are not available," he said.

"the technical expertise avail-able at the national level has to be put at the disposal of this argent work at Eurupean Once again, Lard Cockfield

Lord Cockfield: warning on internal market.

Work necessary lo the Kuropean standards bodies."

Lord Cockfield, EC Commissioner in charge of the internal market, drew attention to the jurislems facing the two Europeans facing the two Europeans are guired for the proposals required for the internal market by the end of

problems facing the two European standards-making bodies, CEN and CENELEC, in writing new industrial product standards for the internal market by the end of this year. "The EC as it will be are sided and defined in detail,"

accounting for takenvers

llowever, the Governmen

will almost certainly stick to its ilradline of a new Companies Art in the next session of Par-

liament. It must put the Euro-leran Camminlty's seventh directive, which deals with groups' accounts, into IIK law by 1990.

Finance directors who have

julied the campaign claim that writing off guodwill against

market for navy beans. Crying foul and profferiog \$300,000 in ready cash, missinnaries from Michigan have naw asked 11K canners to shun orders elseWhere. Edinburgh heads list of

Hard pressed US growers take on market interlopers

to a joint promotion to tell con-sumers that US beans are best.

If the big seven processors take the bait, Mr John McGill of

Michigan. Twenty five days and 28in of raio later, local navy bean growers had lost two-

Bean farmers ride low in saddle

THE MOST desirable liritish city in which to live is Edin-burgh, seenrding tu an aca-demic study. Next comes Aber-deen, after that Plymouth, then Cardiff, and completing the top five, Mutherwell, the industrial conurbation to the south-east of

IS BAKED bean growers are feeling the draught. Swamped by flauds and frizzied by

draught, they have seen their domination of the 1m-cam-a-day liritish market eroded by

intruders.
Increasing amounts of navy

beans, the special variety favoured for smathering I'K

favoured for smothering 1/K toast, have been shipped from Canada. Chile, Romania and Australie in the past two years. The mate ultimate consumers – children, prisoners and hospitul patients – have little say, and probably even less interest to the oatlonality of their beans, but the issue is crucial for 1/S shippers.

for 118 shippers.
Bruain is the world's biggest

Glasgow, Edinburgh came top because Edinburgh came top because it was reckaned in have the best health provision, racial harmany, leisure and sports facilities of any major conurbation in Britain. It also scored highly on access to "areas of scenie quality," schools, travelto-work time and cost of private control recommediation.

The study, produced by geographers from the liniversity of Glesgaw - a city which came only 25th out of 38 - is claimed la be the most sophisticated of its kind. First, the researchers discuvered, using a national apinion poll, which factors peo-ple to liritain regarded as most well above factors such as the climate (rated 48th out of 52 uttributes), the cost and availnblilty of housing, education

Bradford and Stoke on Trent (ranked sixth and eighth) score highly, with liradford the best city in ilritain for access to fine

the interlopers and contribute the US regularly shipped half its crop to Britain.
Now there is a third point to

the pitchfork in our side," says Mr McGill. The Ontario Government, he protests, pays its farmers subsidies worth up to \$8 on every hundredweight of the Michigan Bean Shippers Association promises a further \$2m to 1989 to continue the The trouble started on Sep-The upshot is that Canada. tember 9 1986, when it began to drizzle in Saginaw Valley, which formerly accounted for

only 30 to 40 per cent of the According to official figures, Ontario farmors captured 70 per cent of the British market

thirds of their crop, and their main customers went shopping Washington's response is a 50 Last summer the farmers

watched 480,000 acres wilt in a drought. Even though the crop recovered and the eventual harper cent Government contribu-\$300,000 promotional fund, which, Mr McGill hopes, will be vest was a record, the British had learned caution and placed raised to \$300,000 by contribu-tions from the British canners.

have taken the initiative in the hope that they can keep their nope that they can keep their transatlande cargo vessels fil-ied. They could lose valuable business if US farmers, hainly in Michigan, North Dakotz and Minnesota, lose faith in the navy bare and entitled to other navy bean and switch to other crops which are less dependent

on a single market. on a single market.

The British-style baked bean is strictly a national speciality for which the navy bean is deemed essential by purists. Similar products on the continent are made with haricots and other varieties which can be steamed.

be grown in Europe.
Even in the US, the market is relatively small owing to con-sumers' attachment to the origi-nal cowboy dish of pork in beans, which has appeared in aised to \$300,000 by contribu-luns from the British canners. starred to some effect in Mel It is understood the shippers Brooks's Blazing Saddles.

'most desirable' cities BY JAMES BUXTON, SCOTTISH CORRESPONDENT

important in deciding where they would like to live. They found that people across all classes wanted above

ali to live in a place with low levels of violent and non-vio-The amounts involved ore putentially huge: goodwill topped Sibn in deals like Guin
The subject. The claim there are say.

Accounting Standards Commits years, rather than declines, and ties, two levels of poliutinn, a law cost of living, good shopping facilities and good race rejations. RESTRICTIONS on the flow of aircraft over Britain are to be

nut studies of how British cities rated in terms of these attri-butes, and weighted each factor according to the importance the

average Briton gave to it.

The results show Scotland in general is a good place to live, with Motherwell, nestling under the Ravenscraig steelworks, scoring surprisingly well for its law pollution cuunt. By contrast the West Midlands does badly with four cities - Wolver-

badly with four cities - Wolver-hamptun, Coventry, Walsall ond Birmingham - bringing up the rear of the table, Glasgiw was rated more destrable than Mancheater (30th) and London (34th). Among conurbations in the sup-posedly desirable south-east of England, only Reading is in the too 10. On the other hand, some top 10. On the other hand, some unfashionable cities such as

Flow restrictions to be imposed after air miss

imposed to maintain safety, air traffic cuntrollers said today. Mr Chris Stock, the president of the Gulld of Air Traffic Confacilities, employment pros-pects, wage levels, levels of unemployment and travel-to-work time.

Next, the researchers carried safely in crowded skies until

the present system was improved and updated.
Flow management will prevent alreraft from taking off or keep them in the air until it is

safe to land.

The controls will mean inevituble delays for passengers, Mr Stock said yesterday, a day after two airliners carrying 222 passengers and crew were involved in an air mire over the involved in an air miss over the coast at Clacton, Essex.

The air miss occured between a British Caledonian Airwaya BAC 1-11 airliner, carrying 65 passengers and five crew and a Pan American World Alrways Bueing 727 with a full load of 145 passengers and seven crew. The BCal airliner on a routine

flight, IIR812, took off from Gatwick airport, London, at 1840 on Sunday morning, bound for Amsterdam, Flight visibility was unusually good, at 50 kilometres (35 miles) BCal

Clarton, the last radar beacon for the aircraft before it crossed the coast, the BCal flight crew observed a tri-jet about a mile away on a con-verging course at approximately the same altitude.

The BCal crew kept the air-

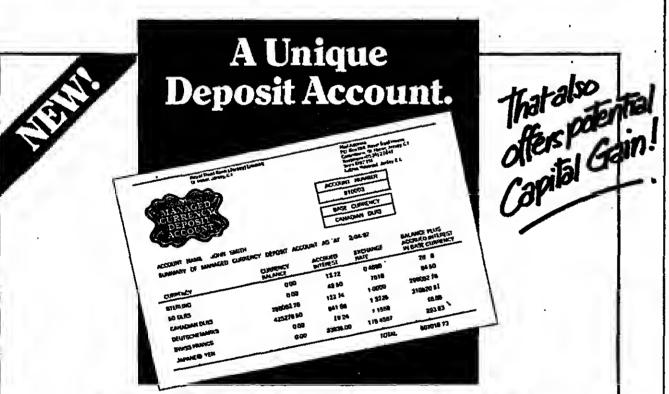
eraft in sight and maintained their course. The spproaching aircraft turned to the right as it approached the BCal airliner and the BCal crew identified the aircraft as a Pan Am Boeing

Pan Am sald yesterday its flight PA99 from Oslo to Heathrow airport, London, on Sunday was between 50 miles to 80 miles cast of the Glacton radar beacon and "cleared to 16,000 feet altitude inbound."

The airline added: "As the aircraft passed through 24,500 feet altitude, air traffic control at West Drayton told the pillot

at West Drayton told the pllot to stop his descent at 26,000 fect and to turn left on heading 200. As he made the turn he saw the BCal alreraft about two miles away at 2 o'clock and higher. The BCal aircraft passed higher and well to the state. right, with a horitontal separa-tion distance of about I mile." The pilots of the aircraft have each filed reports on the air miss to their companies and said yesterday.

Ten miles off the coast near to the Civil Aviation Authority



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Copies of the letes! sudited accounts for Royal Trust Bank (Jersey) Limited are available on request.

Trevor Wynn, Royal Trust Bank (Jersey) Limited, PO Sox 194, Royal Trust House, Colomberie, St. Heller, Jersey, Channel Islands. Telephone: (0534) 27441. Telex: 4192351 RT JSY G. Fax: (0534) 32513. Please send me more details on the Royal Trust Managed Currency Deposit Account. F.T. 23/2/88

Announcement for the shareholders of the Amsterdam-Rotterdam Bank N.V.

On Friday, February 12, 1988, we disclosed our decision to form a close cooperation between Amro Bank and Generale Bank (Belgium), with the ultimate objective of bringing about a multinational European banking group.

We wish to draw our shareholders' attention to the fact that further details will be made known about the cooperation at the Annual General Meeting of Shareholders scheduled for April 20, 1988. Separately, the usual Convocation will be published for this meeting.

In an earlier stage detailed information will be provided through an annexe to the Bank's financial annual report for 1987. After March 15 the annual report will be available at all (depositary) offices.

The Board of Managing Directors Amsterdam-Rotterdam Bank NV

Amsterdam, February 1988



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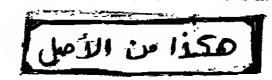
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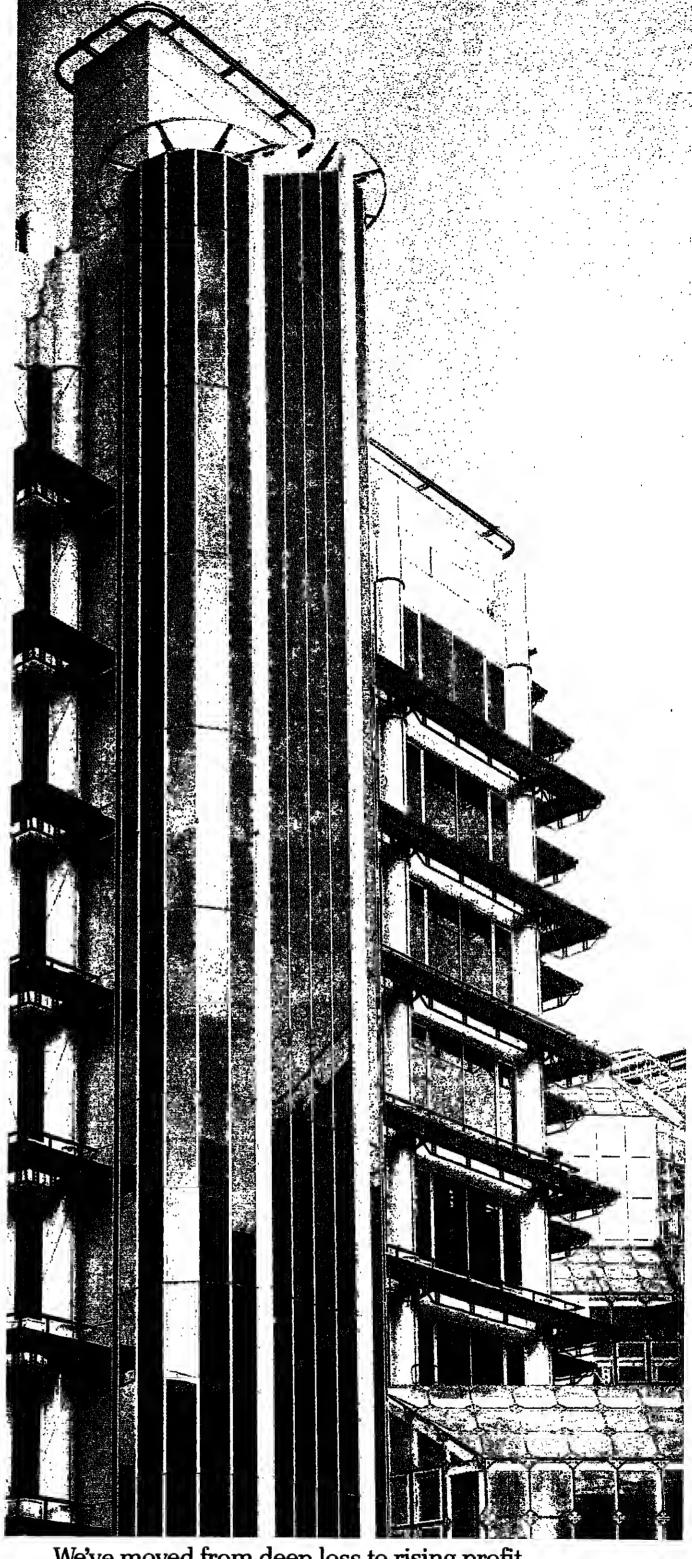
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Financial Times Treeday February 32.1009

Paul Abrahams looks at the prospects for three-dimensional computer graphics in TV, advertising and scientific work

can put my hand on my heart and make the physically impossible, possible," says David Jeffers, managing director of the Moving Picture Company, based in London's

His confidence in creating the impossible, or at least images of it, is based on major advances in computers which generate three-dimensional

Artists have only recently begun to get to grips with this form of simulated reality, but the technology is gaining ground rapidly and is set to have blg implications for industries such as television, film, advertising, and market-

ing.
It is a trend that will accelerate as improvements in both computer hardware and software speed up the processes involved and bring down the previously high costs of this graphics art form.

At the recent Imagina inter-Institut National de l'Audiovisuel (INA) it was pointed out that the technology could also prove of value in scientific applications such as molecular model. In experiment paints straight on to video tape, and when combined with Quantel's "Harry" software it is possible to create digitised on-screen images. applications such as molecular modelling and fluid

dynamics, David Inglish, manager of animation technology at Walt Disney Productions said: "The use of the written word as a means of mass communication press. Word processors were only a continuation of that

"GIVE ME the money and I words. Although computer can put my hand on my heart graphics is only in its infancy, and make the physically it will create a revolution in

the way we think."

Behind this line of thinking lies a series of powerful computer and software systems such as ADO, Abekas A64, Mirage, Bosch, and Allas which have become available for artists to create illusionary images on video.

Among the most important of these machines is an electronic paint system called Paintbox, created by a British

The technology could be of value in molecular modelling and fluid dynamics

company, Quantel. The sys-

of the use such equipment have been on television. In Britain three-dimensional computer graphics have been used to generate advertisements such as an award-winning commercial for Access dates back to the printing credit cards, a campaign designed and produced by the London-based design consultrend, but the impact of tants Robinson Lambie-Naim. Images is far greater than Another example is the cur-

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PROVINCE OF NEW FOUNDLAND

Office Equipment

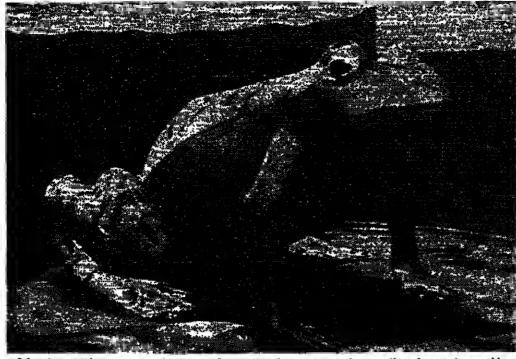
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rent Daily Telegraph adver-tisement created by the Mov-ing Picture Company.

Other applications of the technology include the presentation of weather forecasts on telsvision, title and credit sequences for TV programmes and animated corporate identity logos such as that used by Channel Four television in Britain. television in Britain.

But the use of computer graphics has been held up by the failure of artists to get to grips with the technology.
This was a theme that ran
through the Imagina conference in Monte Carlo. However, Janine Langlois-Glandier, president of INA, argued that the impact of computer-generated graphics was likely to increase as artists increasingly became masters over their own machines. She said that the artists were seizing power from the technologists

The best results occur when the artist has direct access to the technology with-out the interface of a technologist." said Andrew Berend. founder and director of the ondon-based Computer Film

"Until now, narration and exposition have been submerged in a sea of wizard techniques of which almost nothing has been of interest to the commercial world. We are beginning to see film-makers using the techniques intel-ligently and not using computer graphics for the sake of computer graphics."

Though artists appear to be mastering the techniques needed, the exploitation of the technology has so far also been held up by the costs involved. The computers are expensive both to purchase and run.

Peter Truckel, commercials director at the Moving Picture Company, explains: "Depend-ing on the resolution it can take about 40 minutes to create a single frame. There are 25 frames for one second of actual video time. In practice,

"Narration and exposition have been submerged in a sea of wizard techniques"

it can take 24 hours of computer processing time to create a picture that lasts for a single second."
"The problem is the number

of permutations. There are hundreds of thousands of pixels (picture elements) and the computer has to recalculate all points, in terms of light, shadow and colour of light as well as any animation and camera moves. It's no wonder it takes so long," said Truckel. However, he believes hardware improvements over the next year could allow the processing time to be halved and this would allow production

Software developments could also accelerate the creative process and save money. The Computer Film Company has pioneered a system through which, Andrew Berend claims, it is possible for the computer to rander images automatically with an air-brush effect or to create textures looking like marble, reflections and metallics. The

overlay them digitally on to other images, repeating the process to create animation.

Not everyone in the industry is so bullish about a fall in the cost of generating the graphic images, however. David Jeffers of the Moving Picture Company says: "The process will be faster and micker but there will be an quicker, but there will be an increase in sophistication which will trade off any cost benefits. We may be able to produce the images quicker, but we will want to create

more sophisticated pictures."

There are also those who believe growth prospects for the 3-D graphics market have been overestimated. One such warning comes from Ian St John, managing director of Robinson Lamble-Nairn: The leading edge of the industry will always want to extend the capacity of the equip-ment. Although the processes may become cheaper I'm not sure that there is sufficient artistic talent and imagination in the UK to use the technology effectively. There are very few people like Leon-ardo da Vinci – who are both engineer and artist."

WORTH WATCHING Edited by Geoffrey Charlish

Ford takes Ingersoll line on flexibility

INGERSOLL BOHL, the West German subsidiary of the US-owned ingersoll group, is to provide a flexible manufacturing system (FMS) to Ford's Cologne plant. The DM15m (£5m) system will machine the tooling for aluminium diecasting of engine and transmission components.

FMS allows rapid changes of manufactured product without stopping the line. Ford expects a 90 per cent time saving on die machin-ing and a 36 per cent tool component cost reduction. Eventually the FMS will

make 70 per cent of the company's die-casting tools. Some 500 different designs are involved within a maximum size of 650mm x 650mm x 480mm. The overall requirement is 120,000

tools a year.
The FMS will contain three machining centres, three spark discharge machining units, a washing system and tool storage and setting facilities. At the moment there are 26 separate machine tools.

Workpiece and tool movement between the machines will be by means of a pair of automatically guided vehicles. The software con-trolling the FMS will run on a Digital Equipment Corporation computer, working into Siemens and Ingersoll machine controllers.

French direct text into IBM memory

TEXT-READING software, written by French company ISTC and for use on the IBM personal computer (PC), is available in the UK through John Libbey Computer Systems of London. The software, called Antoread Windows, is aimed at desktop publishing applications and enables existing docu-ments to be entered into the PC without rekeying the information.

The basic software costs \$650 and will deal with the fixed pitch characters found in typewriter text for example. The software will learn any fount after the user has spent a few min-utes "teaching" the system from the PC keyboard.

Frequently used founts can be stored for future use. A version of the software at £2,450 allows proportionally spaced printed text to be tackled and enables the user to choose areas of the scanned text on the screen before capturing them for use in desk-top publishing software like Pagemaker or

Ventura. Page scanners from Hewlett Packard, Microtek, Canon, Ricoh and Agfa can

PC stations make the mainline connection

NECTAR Electronics, a small British company of Houghtou-le-Spring, Tyne and Wear, has developed a system which allows IBM XT, AT and PS-2 personal computers to be intercounected within a building. The product, called Powerlan, uses mains electricity wiring and costs \$400 per machine.

Ray Broadbridge, manag-

machine.
Ray Broadbridge, managing director of Nectar, says that although conventional local area nstwork costs may at first sight amount to perhaps £200 per computer for the plug-in board plus cable at £1 per metre, the real cost lies in laying the cable and is a great deal higher. The advantage of using the electric wiring is that any mains socket is also a data socket.

also a data socket.

Broadbridge says that the problems of isolating the computers and their signals from the voltage on the mains cable have been overcome.

He says the product can handle data at up to 56,000 bits per second for 1m days, with no errors. The product complies with existing and proposed legislation and can be used in a wide range of

NEC goes for speed of Josephson junction

NIPPON ELECTRIC Corporation (NEC) in Japan has developed a random access memory chip based on a type of storage element known as the Josephson

The chip has an access time which is claimed to be five times faster than other

experimental devices devel oped so far. But it can store only 1000 bits of digital data, a small fraction of the memory already available on other chips.

Josephson junctions have interested researchers in the world's major electronic laboratories for 20 years because they are hundreds of times faster than today's

memory chips.
However, the technology is difficult and costly, and in 1983 IBM in the US sharply reduced its research effort, believing that other technologies offered more promise. NEC has yet to reveal when its devices will be commer-

cially available in volume. Computers built with such devices would be much faster and more powerful than today's machines. The access time of the NEC chip is 570 trillionths (million millionths) of a second. Present memory chips have access times measured in billionths (thousand mil-

lionths) of a second.

The six millimetre square chip consumes 13 milliwatts (thousandths of a watt) of

Japanese posters the talk of the town

SOON IT may be rather difficult to walk past a difficult to walk past a poster in a public place and ignore it, because Tokyobased company Hakuto has devised posters that talk. The idea is "to attract attention, emphasise selling points and generally improve the chances of modure identification." product Identification."

The Talkaposter board, on which a poster is mounted, can measure up to 32 x 64 inches. Behind it, operating through a small hole, is a sensor which detects anyone in the vicin-

A memory chip contains a digitised recording of the message which can be up to 16 seconds long. The poster unit has an integral microphone for recording the message and a loudspeaker, of which the volume can be adjusted to suit the locality.

CONTACTS: Incernoll: UK office, 0209 58441, John Libbey Computer Symens: London, 582 5266; Nector Electronics: UK, 091525 1666; NEC: London office: 298 8111.Enlanc: UK office, 0902 769080.

Company Notices



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the notice published on 22nd Jaouary, 1988 members are informed that
which payments of the above dividend are to be despatched by the Unit
s on 4th March, 1988 is 1 rand of 100 certs equals 27.3467539 United Kingdon
kidend payable by the United Kingdon Payable Agency is threader, equivalent

rrants to bearer are informed that phyment of Dividend No. 124 will be usade o 1988 apon surrender of Coupon 125 at the London Searer Office of Hill Semuel

AMOUNT PAYABLE WHERE A U.K. INLAND REVENUE DECLARATION IS LODGED WITH COUPONS.

Less: United Kingdom Income Tax at 14.00% on the gross dividend (See Notes 1 & 2 below).

23,1017 AMOUNT PAYABLE WHERE COUPONS ARE LODGED WITHOUT UNITED KINGDOM INLAND REVENUE DECLARATIONS. 119,7744 COUPONS must be itseed on forest obtainable from the London Gener Office examination on any week-day (Saparday excepted) at least seven clear days before the country of th BARNATO BROTHERS LIMITED

(1) The gross amount of the dividend for use for United Kingdom Income and Surtan 144,0745p per share.

(2) Under the Double Tauxtion Agreement between the United Kingdom and the Rope Africa. South African Non-Resident Shareholders' Est applicable to the dividend is a

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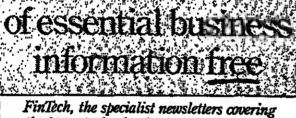
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It is hoped that this investment, whiles being important in its own right, will permit a further development of the CFAO Group's existing core businesses. Further particulars may be obtained from the Registered Office: 32 cours Piorre-Puget 13006 Manuelle, France.

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o the Stockmarket gave you a bit of a hammering in October. And it hurts. But that's no reason to go to ground.

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ven at the bottom of the market, some people were making money. Not many, and maybe not much. But opportunities are there, if you know where to look. And even if you're

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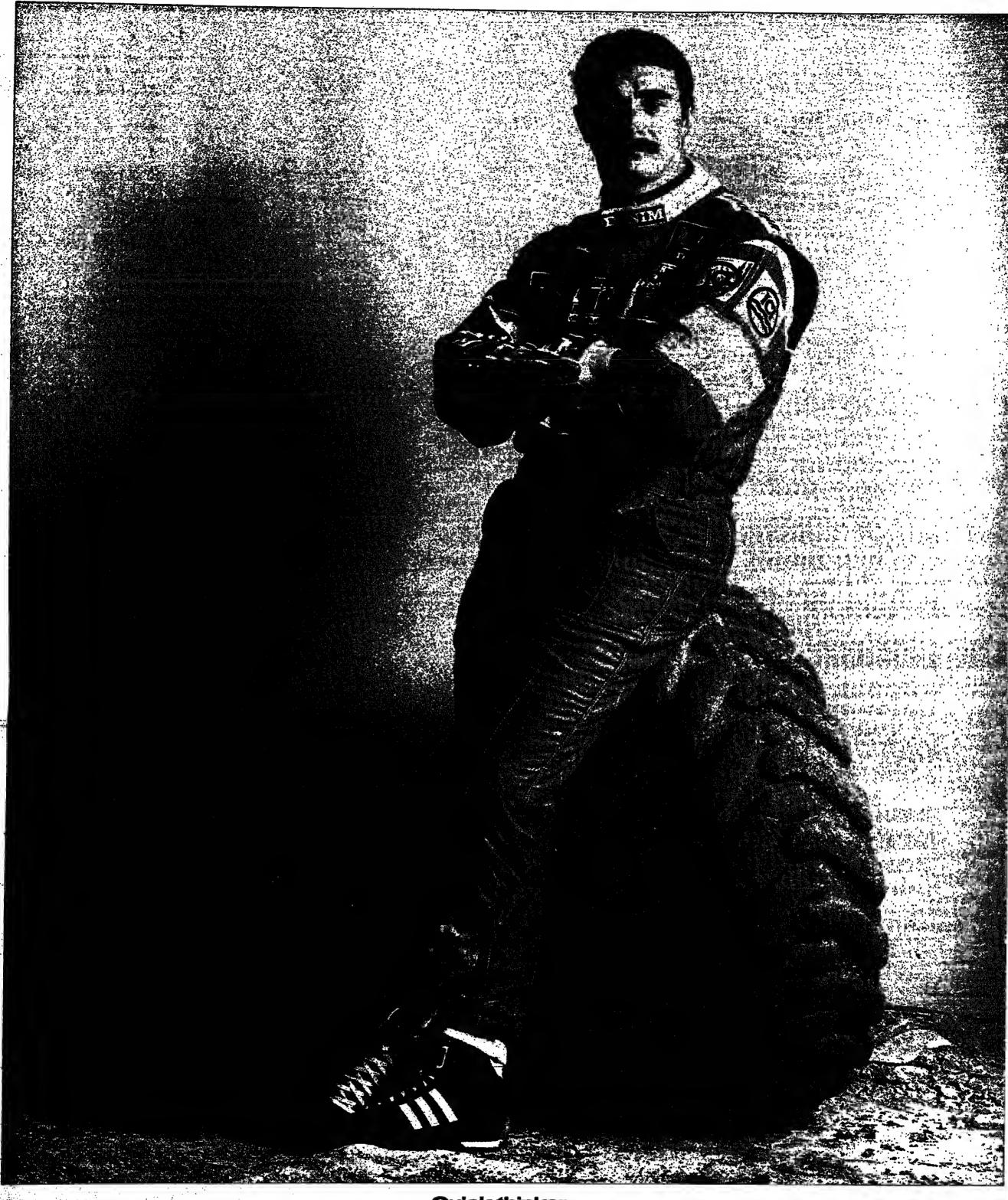
Whether you're on the sidelines, or making headone guaranteed worthwhile.

of the

ups and downs

The ins and outs

ا مكنا من الاجل



Quick thinker

Over the last two years Nigel Mansell has won more races than eny other Formula One Grand Prix driver.

Won most but possibly lost more. Capricious fortunes still keep the drivers' championship from him.

Those with poorer mental resources than Mansell would've been tempted to abandon one of the hardest least forgiving sports in the world.

But his conversation reveals en enviebly balanced outlook.

As he says. The more you've achieved, the more philosophical you get. I'm out to win, but there's more to life than hurtling round the track at 200 m.p.h.'

His criteria for success ere equally well thought out: You've got to be talented, you've got to survive, you've got to be professional, you've got to crack it.'

Manselt's mental discipline ehouldn't surprise enyone. It's what makes him en outstandingly successful man rather then just a brillient racing driver.

Those who eppreciete the difference might remind themselves that, whatever they do, without such discipline, no-one succeeds.

If you'd like to pursue our thinking on investment management, call Caroline Davie or Brian Wood on 01-382 6676.



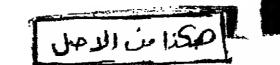
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ba



FINANCIAL TIMES SURVEY



The royal shire's once mainly agricultural economy is being transformed, thanks to Heathrow airport and

the M4 motorway, into a key centre of high tech industry. But, as this survey written by Roy Hodson reveals, matching growth and prosperity to the excellent quality of life is proving...

A precarious balance

distant view of Windsor Castle with the Royal Standard flying over the Queen'e home, a reminder of the county'e privilege to be known as the Royal County of Berkshire (a privilege given formal status in 1974 when the county was awarded the Powel Arms by the Queen's county as warded the Powel Arms by the Queen's County was awarded the Powel Arms by the Queen's County was awarded the Powel Arms by the Queen's County was awarded the Powel Arms by the Queen's County was awarded to the Powel Arms by the Queen's County was awarded to the Powel Arms by the Queen's County was awarded to the Powel Arms by the Queen's County was awarded to the Powel Arms by the Queen's County was awarded to the Powel Arms by the Queen's County was awarded to the Powel Arms by the Queen's County was awarded to the Powel Arms by the County of th when the county was awarded the Royal Arms by the Queen).

in the county today however, would be the daily round of an international computer business inside one of many glass-clad buildings ou an industrial

concentrations of high technology industry in modern Britain.
It is particularly favoured by foreign companies in microelectronics and computerware county in area (although it has

BERKSHIRE, TO SOME, is a string of valuable bloodstock being ridden through Lambourn on a misty morning to the gallops on the downs. To others, it is a boating scene on the Thames at high summer in crowded Bouiter's Lock, or a distant view of Windsor Castle

These days more people commute into Reading to work than commute from Reading to work than commute into Reading to London. A random glance at the businesses in the county catches such names as Digital, ICL, Ferranti, Racal, Foster Wheeler, Prudential Assurance, Guardian Roval Exchange. ICL, Ferranti, Racal, Foster Wheeler, Prudential Assurance, Guardian Royal Exchange, the

he Royal Arms by the Queen). from the deepest English coun-A closer representation of life tryside, he chose Berkshire more specifically, that portion of the Royal county of Berks which is called the Vale of White Horse".

inside one of many glass-clad buildings ou an industrial estate.

Berkshire has more than moved with the times. It has crushed headlong to embrace the future. The old agricultural county has acquired one of the most important and prosperous redistribution. In return the concentrations of high technolreshaped county has had grace-lese but prosperous Slough-tacked on to its eastern end. Modern Berkshire is a small

and in places only 12 miles wide. It is so near Heathrow airport that the flight path crosses the county boundary. The fact that Berkshire is next door to Heathrow while being untouched by London's urban appropriate the state of th council which administers the crosses the county boundary. The fact that Berkshire is next door to Heathrow while being untouched by London's urban sprawl is reckoned to be the single most important factor in the county's success in attracting new foreign investment.

A second factor now contributing much to the rude health of the Berkshire economy is that the M4 motorway runs council which administers the western quarter of the county, success liggest headache. "We have been caught by our own success. Either side of the motorway we are trying to adapt a roads system built for farmers to our high tech life-style".

The centre of Reading, Berkshire's booming county town, which has become a regional capital if measured by the vari-

that the M4 motorway runs capital if measured by the vari-from Heathrow westwarde ety of services it offers, is curdirectly though the middle of rently being stirred up for all the county from end to end. the world like a brick and rub-You can cross Berkshire in 40 minutes without exceeding the 70 miles per hour legal limit.
The M4 has turned Berkshire
from a traditional English shire

county of lanes, villages, and a few free-standing towns into a closely-linked area where everywhere is theoretically just a short car journey of a few miles from everywhere else. The qualification is neces-

sary. One of the highest levels of car ownership in Britain, and a parallel decline in the quality of public transport by rail and road, has thrust a monumental traffic problem upon Berkshire
- a problem which is hardly
appreciated when one is cruis-

Berkshire One of the glories of the Berkshire landscape: the Long Walk at Windsor Castle

ble pudding to try to accommodate the motor car. The county

council is spending more than £25m on a new urban roads

system - the biggest roads pro-

gramme it has ever undertaken.

While Reading endures day-

long traffic jams the planners promise that the town will be

transformed in two years time by the new roads, the new car

Mrs Rosemary Sanders-Rose, is no possibility of finding leader of the Newbury district enough money to tackle them council which administers the all in the radical fashion employed upon Reading.
Berkshire's basic problem is how to perform a precarious

balancing act to match its growth and prosperity on the one hand against preservation of the county's still excellent quality of life on the other.

Mr Tony Allen, the county's chief executive has best here. chief executive, has just be

faced with the prospect of havstay on the high wire. Mr Nicholas Ridley, the Environment Secretary, has savaged the Conservative county councll's proposed structure plan.
The county, alarmed at the pressures from the fast growth of population and business activity wanted to cut the house bullding rete from an average of nearly 5,000 houses a year over the last ten years to about 1,600 a year in the 1990s. by the new roads, the new car Mr Ridley has proposed a parks, and a central pedestrian higher limit of 3,000 houses a priority system.

Fine for Reading, although the locals are sceptical. But by then the traffic problems of several other Berkshire urban areas including Newbury.

August munt of 3,000 houses a year arguing that the extra houses will be needed to accommodate people who grow up in the traffic problems of the several other Berkshire urban areas including Newbury.

riehes to have by the mid-

The inevitable consequence of

M4 - at present seen as its natural boundary - and then it will be only a matter of time before a linear urban area is created to the west of London, starting in the north west at Reading and running south east to embrace Wokingham and Bracknell. There is nowhere eise for the

tightly corsetted by planning restrictions. A designated area of outstanding natural beauty embraces the western half of the county, and the London Green Belt runs across the eastern end of the county between Reading and Slough.

The people who work in Berk-shire's new industries and services naturally want to live in their chosen county, even at the price of paying \$1,000 a foot for river frontages on the Thames, or putting up with the high costs of charming New-bury (said to be the wealthlest

CONTENTS

Berkehire Enterprise Agency: new capital fund to back future

profit generators
Professional Services: a powerful network Profile: G.D.Mountfield cute

Commercial and industrial operty: crying out for ehede offile: Slough College of Higher

Tourism: an array of amenities for business and leisure Realdential Property: insatiable demand

moving to cheaper areas fur-ther west down the M4. It is becoming common for people to commute into Berkshire along the motorway from Wiltshire and Somerset. A few expanding companies have also found life uncomfortable in Berkshire's pressure cooker environment and have moved west to Swindon and other places to find iabour and industrial land to expand.
The Berkshire Enterprise

Agency says frankly that ite role is to protect scarce resources - labour, skills, land, investment money - rather than investment money - rather than encourage uninhibited growth. It has been switching the emphasis of its work away from helping new business start towards encouraging the devel-opment of existing small and medium businesses of the sort that are needed if the county is to have a secure and broadlybased economic future.

county", says Mr Ailen. The towards the mesmeric figure of county will have to find room an acre, and property men, industry. Windsor attracts the for 7,000 more houses than it wishes to have by the mid. smiling all the way to the bank, crowds with 3.5m visitors a Berkshire county council year. Over the remainder of the thought that one answer to the county a more selective vicious spirsl of trying to approach to tourism is being county a more selective approach to tourism is being the Ridley etrategy is that match new housing with eer-Reading will burst south of the vices could be to seek contribu-rather than big numbers.

tions from the developers
towards local roads and ameniand restaurants in the Thames ties. Valley and beyond persuaded Berkshire to base its tourism area have been generally sym-strategy upon winning conferpathetic to the idea. But Mr. ence trade. A lot of talking is Ridiey has specifically ruled being done along the Thames out what the council cslis these days with 36 centres in out what the council cells these days with 36 centres in euphemistically "planning business for conferences and gains" - and the minister calls brutally "selling planning per-missions". The council cells miseions". The council still hopee to persuade him to change his mind.

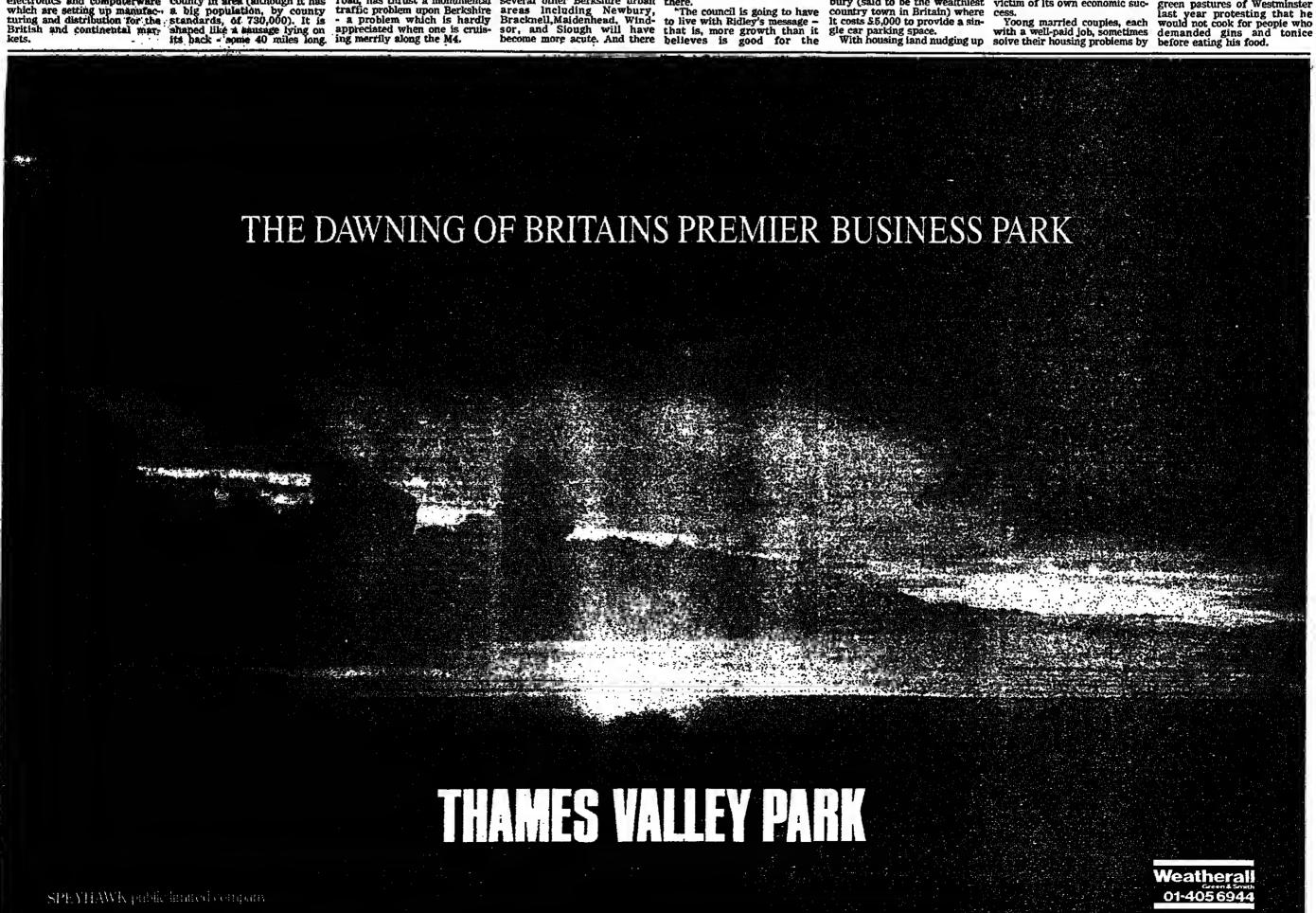
While the argument rages at national level about the future

Affluent life styles in Berk-

rate of Berkshire's housing shire have nudged the hotele growth, business in the county and restaurants towards higher and restaurants towards higher standards. However, the gastrois already hungry for labour.

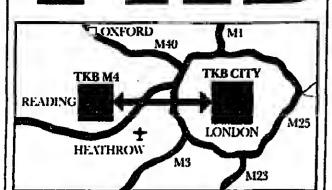
There are 15,000 registered nomic elevation of the county unemployed, just below 6 per cent of the work force. In practice there is a skills shortage

The great British chef, Mr Nico Ladenis, tried his luck in Berk-Ladenis, tried his luck in Berk-shire for a year with a restau-rant south of Reading. Finally throughout the county. With housing expensive and in short rant south of Reading, Finally supply Berkshire is already a victim of its own economic sucgreen pastures of Westminster



Financial Times Treeslay Eshenary 23, 1988

F:n:



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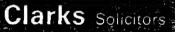
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BERKSHIRE 2

Berkshire Enterprise Agency's new equity fund is geared to back...

The future profit generators

THE COUNTY of Berkshire has taken a small but important step towards having a financial stake in its own business

Urged on by Mr Roy Hale, the lively director of the Berkshire Enterprise Agency, the county's investment panel has set aside \$500,000 of the county council superannuation fund. The money is being made available as development capital for manufacturing and service comcanies in return for minority

shareholdings.
Typically, a young company which the agency believes could benefit from a new source of equity capital, will be able get between \$50,000 and \$70,000. The scheme is brand new. Mr Hale and his staff are currently running the rule over 11 com-

and service companies.

The criteria for access to the money is that the enterprise should be either in Berkshire or its "business area" - s useful concession for some firms employing mostly Berkshire people but located over the border in neighbouring counties; that it should provide some local economic benefit to the county; and that the county should take, typically, between 20 per cent and 35 per cent of

the business's equity for a 5-7 year term.
We want companies looking for new capital to come to us", says Mr Hale. "Before the end of this year I want us to have a portfolio of investments so that the county will hold stock in

some of our profit-generators of the future".
It may fairly be asked why a county as prosperous as Berk-shire, with pressures upon business resources, low unemploy-ment, and skills shortages, needs an enterprise agency at all. Yet the agency is in Mr Hale's words, "becoming a per-manent feature of the economic

and commercial life of the county after five years work". The outsider trying to find out what makes Berkshire "tick" so loudly and healthily is struck time and again by the delicate balancing act that is going on within the county. The enterprise agency has a lead role to play in that performance. It has to work to protect scarce resources.

scarce resources.

The agency was set up by the county in 1982 as a joint public-private sector initiative but with no assurance of a long life. Indeed it was to operate for just a year at s time for as long as it continued to be needed. Since then it has advised 5,000 allocates at 500 allocation in the second of the seco clients - 1,600 already in business and a startling 3,200 planning to start up businesses in Berkshire – and has proved its Herkshire – and has proved its assumptions, we act as Devil's full percentage point lower firms in the county. The Berkworth to the satisfaction of the Advocate", says Mr Hale. "We than the South East region of shire Venture Fund is a promiscounty and its private sector help them form a business plan, England as a whole – there is ing start down that road.

G.D.MOUNTFIELD, the power mower maker at Maidenhead, is living proof that a traditional

engineering company can thrive

in the hothouse atmosphere of what some fancifully call Sili-

The company has never been in a stronger position than it is today, in spite of working amid the strong competition for skills and resources that has been generated by bigh-spending newcomers.

newcomers.

Mountfield has stayed with its traditional market – the quality end of power grass mowers working on the rotary cutter principle – and has carefully avoided the pitfalls of temperary fashions in the

temporary fashiona in the mower business.

Mountfield's turnover for last year will be comfortably above \$20m, representing a impres-sive increase of \$6m on the pre-

vious yesr. To achieve those figures, it has won 60 per cent of the British petroi engine rotary mower market with models for mowing any patch of grass from small back gardens to sports fields. And it is now exporting 25 per cent of its

now exporting 25 per cent of its production with fast-growing demand for its mowers in conti-

That Mountfield should

thrive with its rotary mowers is most appropriate for the rotary mower happens to be a local invention. In 1931, Mr David Cockburn, who lived in Iver,

Buckinghamshire (not quite

Berkshire, but near enough), decided that clipping his hedge with a pair of hand ahears was no occupation for a gentleman. Being something of an inventor he borrowed his wife's vacuum clipping fixed a mercupalism.

cleaner, fixed a rotary blade across the suction side and tried it on the hedge. The contraption did not work.

con-on- Thames Valley.



Mr Roy Hale, director of the Berkshire Enterprise Agency: "We want new companies looking for capital to come to us"

Two years ago the agency was given permanent status in the life of the county by the adoption of a five-year strate-

gic plan.

Msrketing the agency's services by direct means has proved unnecessary. There has been a constant procession of ambitloua business hopefuls through its consulting rooms.

"We challenge all assumptions, we act as Devil's Advocate"

However, a sizesble number have been gently encouraged to think again. The agency sees it as part of its duty to dissuade people from starting new ventures If it is thought the risks are unacceptable. "We listen, we challenge all

using a computer model if necessary. Then we go to the banks or other funding sources to help them raise the money. We are most definitely not just a talk

the sgency since it started is an independent management consultant seconded to the directorship by the county council, which provides roughly half the staff. British Rail, Lloyds Bank, and Barclays Bank, have also seconded business advisers and the agency also makes good use of a network of suxiliary counsellors. The \$34,000 annual running costs are shared by the county and the private sector.

Protecting Berkshire's scarce resources during the county's phenomenal leap forward does not simply revolve around land and property as far as the enterprise agency is concerned. With unemployment in the more to increasing support to county down to 4.6 per cent - a existing small and mediom

already a skills shortage which With Home Office help, two ethnic advisers have been sec ethnic advisers have been sec-onded to the agency. Their main task is try to bring into the work force the only two measurable pockets of unem-ployment in the county – a pre-dominantly Afro-Caribbean group in Reading and an Asian group in Slough. In each case, there are local unemployment levels of between 10 and 12 per cent.

The hope is that both groups can be helped by schemes such as cooperatives and encouragement of Individual initiatives The first five years of the Berkshire Enterprise Agency

have been mostly concerned with encouraging budding entrepreneurs to think about running their own businesses. The next five will be directed

Professional services

Powerful network

A powerful network of profes- Grays Inn and the City, decided sional services is developing in as far back as the early 1970s sional services is developing in Berkshire. There is the need to serve the growing concentra-tion of industries based upon the micro-chip. The county is also proving to be an excellent regional headquarters for pro-

fessional offices catering for the area west of London. A majority of the big eight chartered accountants have opened regional offices in or around Reading or other central Berkshire towns. Insurance companies, legal firms, and banks, are also finding that the business generated from a base in the county can be well worth supporting with big offices.

Mr Jeremy Nicholson, of accountants Arthur Young, recalls moving to a new site in Reading in May 1986 with just 3 partners and 15 staff. Now they are employing 60 people there. We plan to continue expanding and will probably be employing about 100 people in two years time", he says. "The biggest problem facing us now

is getting the right people". Other accountancy firms tells similar stories of growth and staffing headaches in Berkshire. The local population cannot provide all the skills and qualifications needed. But the annual trawl of universities to find likely recruits is proving productive for the accountants this year.

One accountant who has been on the provincial universities recruiting "milk run" says, "It is not very difficult persuading them to come to join us in Read-ing. Young graduates are attracted by the Idea of living near enough London for a night out without actually having to live there. Although Berkshire is expensive, it is not above the means of these young profes-sionals. And they like the style of life hereabouts.

A keynote of professional life in Berkshire is that business clients include a high proportion of companies which are subsidlaries of overseas concerns. Some are in high-tech, others are in more conventional industry. But all seem to have 2 com-mon aim when dealing with mon aim when dealing with iawyers, accountants, and estate agents in Berkshire—they want to set up shop within a clearly-defined radius of Heathrow airport. And they do not want to be locked in to long term cumbersome property

t. "Easy come, easy go", might be their motte. Walker Martineau, a London firm of solicitors with offices in

that business was to be gained by establishing an office in the Thames Valley. Their still-expanding office at the busy community of Theale near Reading is 15 years old this year. It is now equally as strong as its

The Walker Martineau partners at Theale confirm a prob-lem also reported by their rivals, and by accountants and estate agents working in Berk-shire. That is the clash of cuitures between foreign companies trying to breeze into Berkshire and the much more conservative views surrounding conservative views surrounding commercial and industrial property dealing that are held by a number of British institutional landlords.

Traditionally, the British way has been to seek to impose

restrictive convenants and conditions upon leasees and ten-ants: in short, to rule the roost, their critics charge.

The incoming companies, for their part, are not well-disposed towards providing deposits against future rent, or guarantees about this and that. Sometimes the parent compa-States simply refuse to sanction their offspring entering into such restrictive arrangements with the British property sec-

Peter Hawley, managing part-ner at Walker Martineau, calls the difficulty, "A philosophy clash between British pension funds (in the main the landlords), and US and Japanese businessmen who are accus-

The incoming high-tech, fast-expanding industries usually want a turnkey operation without any extraneous liabilities. They find the British practice of 15 or 21 year leases with rent reviews abborrent to their free wheeling huringer militures. free-wheeling business cultures. Instead they seek the simplicity of a straight let with an annual

The differences in attitudes towards property are giving the professionals working in Berk-shire's booming industrial sec-

Meanwhile, although Reading is emerging from its drastic rebuilding programme as the regional centre, it is by no means the clear favourite location yet for the professional. tion yet for the professionals.

Bracknell, Slongh, and Wok-

brackied, Signar, and won-ingham, all have their adher-ents. The jury is still out on Reading, said one Berkshire lawyer darkly.

developed within the last five.

Profile: G.D.Mountfield

Cutting a market swathe

But while examining it on the lawn he discovered it was an efficient grass cutter. What is more, it also collected the grass a rotary mower with rear grass



a handsome return on investment

collection. He went into produc-tion with a company called Power Specialities in 1933 and shortly sfterwards was joined by a young apprentice Mr Denis Selby. In the 1930s, they made rotary mowers in two sizers – 15-inch and 18-inch blades – and priced the models at a

guinea an inch: By 1952, Mr Cockburn's patents had run out and the business became part of another company. Mr Selby, who had his own ideas for who had his own ideas for improving the dated mower designs, started his own company. Mountfield, in Maidenhead in 1962 with a partner Mr Don Hamilton. They borrowed \$2,000 and spent \$750 it repairing the roof of a wooden hut which was to be their head-quarters.

The name Mountfield, by the way, was made up. Mr Selby admired the wartime commander Lord Mountbatten, and "field" was a useful association with most of the second control of t with grass for a lawn mower

Mr Roy Ashweil, the present chief executive, joined as sales manager in 1967 when Mount-field's turnover was £350,000 in a year. By 1979 the company was on the crest of a wave doing \$12m of business a year. But by then it was complacent and short on new product ideas. After losing money in the early 1980s it was bought by Ransomes Sims and Jefferies of ipswich for £4,250,000 in 1985. The 143 staff were retained and Mountfield remains an autonomous manufacturer autonomous manufacturer

original Maidenhead site.
The labour force has

remained at virtually the same level ever since while produc-tion has more than doubled to well over 100,000 machines a year. During the busiest production periods of the year. Mr Ashwell hires temporary work-ers through agencies. The sys-tem works well, he says, and there is no shortage of tempo-rary labour in Berkshire for

rary labour in Berkshire for employers willing to pay well. A growing number of good workers in the area are exploiting the jobs market to suit their personal life-styles by working only through agencles and combining periods of work with long holidays.

Mountfield will not be caught with a range of old models again, it is now market leader in its high quality mowers sector and is spending 4 per cent of its annual turnover on development. Its entire range of products has been designed and

years. Taking a leaf from the books of the high-tech busihesses it is rubbing shoulders with in the district, it is using its own. McDonnell Douglas Information Systems computer-aided design computer to produce and style new mowers. Mr. Ashwell having delivered Ransomes a handsome return on its investment is brimming with confidence that Mount-

with confidence that Mountfield can improve npon its recent successes from its Maid-

enhead base.

Meanwhile,he is struggling with refuctant suppliers of parts all over Britain to work with his company's "Just in Time" system for the arrival of parts for final assembly. He has abolished the old production lines and instead has a series of groups of workers, each producing complete machines.

with space at a premium in one of the priciest manufacturing locations in Britain he is dedicated to squeezing produc-tion ont of every available square foot of Mountfield's

Does he find his task made more difficuit because be la operating in Berkshire? "No. This is where we started. I find the faster pace of life here-abouts these days stimulating

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BERKSHIRE

Means business - by working in Partnership with Industry & Commerce

BUSINESS LINK

The Royal County of Berkshire is under tremendous development pressures. The phenomenal growth in house building (the county's population has trebled this century) is matched only by the expansion of industry. Many high technology companies – Digital. Mars Electronics, Racal, Ferranti, ICL. Norsk Data and Nixdorf, to came but a few have made a home for themselves in

And at Berkshire County Council we are keen to ensure that industry is given every

chance of success in our county. Which is just one of the reasons behind our newest iniliative with the private sector: the Berkshire Business Link.

Through a consultative committee and working parties. The Berkshire Business Link will provide a forum for representatives of all sectors of industry and commerce to discuss their needs with the County Council and. hence, to play a significant role in policy planning. Yet this new initiative is only the most

recent of many.

There has been close co-operation with and sponsorship by local industry for Information Technology Centres [ITeCs] and the Berkshire

Enterprise Agency.
School-Industry partnerships have been successfully developed throughout the County.

And, there was considerable support -encouraged by the County Council - for the Industry Year 1986 and for the continuing campaign "Industry Matters".

The Council also provides more practical assistance. From business information

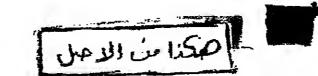
through our unique Viewdala services, to advice and support in setting up new enterprises. From a comprehensive range of professional, technical and management training courses in our colleges, to advice on fire regulations, trading standards and more

By working hand-in-hand, the private and public sectors have made Berkshire a dynamic and buoyant county.

Berkshire County Council sims to keep it that way.

Anyone wishing to find out more shout services to industry and commerce in Berkshire should contact: The Chief Executive, Berkshire County Council. Shire Hall. Shinfield Park. Reading RG2 9XD. Tel: Reading (0734) 875444 sxl 3020.



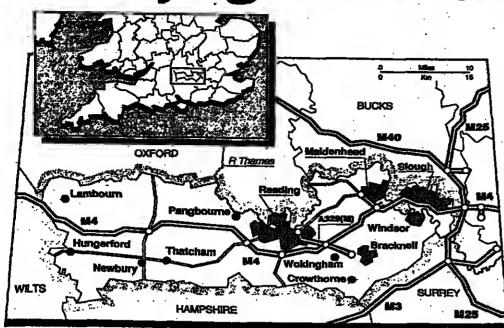


For

BERKSHIRE 3

Commercial and industrial property

'Crying out for sheds'



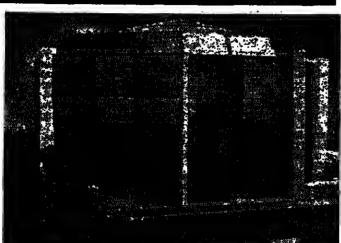
THE SORT of Industry and commerce that is conveniently labelled "high-tech" in Berk-shire tends to occupy sleek modern buildings handily situated for the M4 and Heathrow

airport.
Assembly, distribution of imported parts, and computer software, make np a large part of the activity and it is backed, of course, by a growing volume of professional and technical

This high-tech industry is now estimated to provide directly one in every five of all jobs in Berkshire compared with one in every seven jobs as recently as three years ago. For every worker in high-tech there is at least one, probably two, workers behind the front line providing services. So overall, approaching half the county's workforce is now involved, in one way or snother, Berkshire's recent industrial revolution. This high-tech industry is

recent industrial revolution. . Even more will become involved during the next few years. A recent survey by the highways and planning department forecasts that more than half Berkshire's businesses expect to recruit more staff in

the next three years. Land for industry and commerce is in very short supply. Eventually it may be the short-Eventually it may be the short-age of such sites rather than parcels of land which hitherto



The shape of Berkshire offices to come: an artist's impreof St Martins Property's Sapphire Plaza development at Read-

ing now under construction

constraints upon housing development that slows Berkshire's upon their designation for conpell-mell growth. pell-mell growth.

The government last year revised the planning rules for industrial and commercial The government last year industry or offices.
revised the planning rules for industrial and commercial & Im Slough, on the Bath road, industrial and commercial & Im an acre has been paid development. These new use class orders, which govern use. And industrial land withclass orders, which govern planning consents, are now having the effect of blurring

out any obvious high-tech link-age has gone for £700,000 an acre in the east of the county. Of course, most land-owners are trying to sell for high-tech developments at premium prices. Meanwhile, as Mr David

for sheds". "Metal-bashing", and metal something to help to help to shortage of "shed" properties and similar hand maldens to industrial activity are finding it industrial space with small difficult to exist in modern Berkshire alongside their glit. Berkshire slongside their glit-tering neighbours who are practering neighbours who are practising the skills of high-tech.
Older industrial buildings are business park land just south of being knocked down to build modern premises commanding higher rents. It makes the place look tidier and is presumably progress. But it is making life the progress. But it is making life is and distribution depots is less, and distribution depots is

chronic problems of shortsges of space and shortsges of labour in its district. It has formed a partnership with the Wrekin District Council in

(MARCH)

(APRIL)

(MAY)

(JUNE)

(JULY)

(SEPT)

Shropshire were there is plenty of low-cost accommodation and a labour surplus. Windsor and Maidenhead has

hired five people in Shropshire to work for it up in Wrekin as a computer programming unit using remote terminals. Eventu-ally Windsor and Maidenhead hopes to build this unit, some 150 miles away, up to about 25

Meanwhile Wrekin has applied for funding from the European Community social fund to help support the venture. The two authorities also have a second plan under discussion to work together to promote toward. mote tourism.

The supply of land for new business activity in Berkshire will not run dry while the county council is able to contime its policy of actively sell-ing off land to acquire extra capital for desirable infrastructure improvements across the county. The county's capital programme has increasingly been funded by these sales This year it expects to realise \$20m from the sale of land snch as the sites of closed schools, unwanted buildings, and playing fields. Mr Tony Allen, the chief

executive, expects revenue from such sales to rise to £26m next year and perhaps £20m during the year after that. The sums will be useful additions to the county's total revenue bud-get of £350m.

But there is a limit to the amonnt. Berkshire can raise from land sales. By 1990, the programme will be well past its peak and thereafter revenue from such sales will fall

sharply.
Office rents and premium grade high-tech premises rents in Berkshire currently range from about £20 a sq ft in Slough in the east, down through about £18 a sq ft in Reading, to about £10 a sq ft in Newbury in the west. But there is a strong, almost insatiable demand for the best quality

commercial properties, so the pressure is still upwards.

Developer John Norgate, chairman of Trencherwood Properties based in Newbury, has a business place for the has a business plan for the 1990s hased upon 30 per cent of his programme being in building commercial property and the remainder in private housing and retirement homes. commercial property in New-bury as rising this year to as high as £13.50 a sq ft. Indus-Anderson, the county chief trial rents in the area, he says, estates officer puts it suc- are now running at \$6 a sq ft cinctly, "People are crying out compared with \$4 a sq ft just a

> Newbary will be helped to sustain its growth by a major release of some 60 acres of

higher rents. It makes the place look tidier and is presumably progress. But it is making life progressively harder in Berkshire for the old activities.

Windsor and Slough district council has just addressed itself to the problem in its own district by building and letting 19 small business units on a site in Maidenhead. All have been quickly let within the last few months to small specialists antious to get a foothold in the golden area.

The same authority, incidentally, is experimenting with a novel scheme to help solve the chronic problems of shortages of space and shortages of move to other parts of the move to other parts of the south east where labour and premises are cheaper and more

easily found. This pressure is already the subject of regrets. "If one thing saddens me about modern Berkshire, it is the decline of blacksmith engineering which devel-oped round here out of agriculture and used to contrib-ute so richly to the local scene, one resident and long-time stu-dent of the industrial commu-

nity commented.
Meanwhile, building work for high-tech activity rolls on. Nixdorf Computer is building a £27m new centre in Bracknell's Park One business centre to coordinate all the company's British activities and provide a British activities and provide a new software development centre. And there will be more Berkshire land for biggish high-tech developments if Mr Ridley, the Environment Secretary, has his way. He has asked the county to submit revised policies taking into account the revised use class orders, in particular the replacement of consents for different types of industrial and commercial with a single "business use" category.

gory.

There also promises to be a lot more retail space. Mr Ridley lot more retail space. Mr Ridley has rejected a county council strategy to limit the amount of additional shopping space to be provided over the next eight years. All applications for new shops in town centres and on out-of-town sites should be considered on their merits, he says. Following the government's recent intervention, Berkshire is almost certainly going to is almost certainly going to have more new industry, more houses, and more shops by

houses, and more shops by 1996 than the council believes is reasonable.

The nature of the council's balancing act between growth and the protection of a still beautiful county with an atmosphere all its own suggests Berkshire should recruit a high wire artist of the calibre of Riondin.

Profile: Slough College of Higher Education

New freedom to train

A GEOWING shortage of labour is likely to be the biggest single obstacle to Berkshire's future growth. In the past year the number of unfilled jobs advertised at the job centres has risen from under 5,000 to nearly 6,500. Meanwhile fewer young needs are coming on to young people are coming on to the jobs market. The stark demographic truth facing the county is that there will be a 25 per cent reduction in the num-ber of 18-year olds in Berkshire

ber of 18-year olds in Berkshire between now and 1992.

The future role of Slough College of Higher Education, situated as it is in a heavily populated area at the hub of Berkshire's industrial activity, is of special importance given the new emphasis being placed upon training to develop precious skills. And the college is embarking upon an adventure of its own. It is to be, in all essentials, privatised.

Mr Ian Wallis, director believes he is speaking for the majority of his staff when he says: "Frankly I relish the prospect of the freedom that is

pect of the freedom that is being offered to us".

His is one of the colleges of higher education which Mr Kenneth Baker, the Education Sec-retary, intends to remove from local education authority con-trol and give wide powers to raise and manage their own

Wallis, with a current annual budget of \$8.5m will find himself running a free-standing corporation created by statute and having the same basis of operation as the polytechnies and the universities.

If Slough is seen as the indus-trial beenive of Berkshire the college is where many of the bees learn to fly. It caters for 10,000 students a year on upwards of 1,000 courses and employs 500 staff. Its reputation is such that it is never short of applications from for-

eign students. If the Baker scheme is imple-If the Baker scheme is implemented, the college will atill receive some money from the county authority, which at present provides 25 per cent of its budget. But Mr Wallis and his staff will have to turn the college into much more of a money-earner than it has been up to now.

Four out of five Slough College students are already part-time. With the number of school-leavers falling the college intends to concentrate even more heavily npon part-time education in future. Mr Wallis believes that strategy is suited to the college's future in "an



Getting down to work at the flexible learning nnit, Slough College.

active economy with aspiring vices

At present, just under half the college's students are aged over 25 - some are in their 40s and 50s. As the trend continues. towards older students the col lege will be trying to clinch more contracts with local industry to provide training for company work forces.

The college has already published a brochure for senior executives in the Thames Valley pointing out that they now have a chance to influence the training of their people by means of joint ventures with the college.

Mr Wallis says regretfully of some industrial concerns in Berkshire, "They are still in the age of recruiting by poaching from each other". Nevertheless he expects light to dawn before long among even the most hard-ened poachers among manag-ers. The only way they can secure the skills with certainty will be by training up their present work forces," he says.

Commission £400,000, so far, committed in support by industry. The col-lege is taking the training to participating company's own premises, and - showing true entrepreneurial style - has appointed s project manager. That, says Mr Wallis, will be the pattern for the future for

When the college goes inde-pendent, every sector of its activities will be managed as separate business centre with ataff enjoying considerable, managerial freedom to choose their own targets. "Yes, it is going to be a change of culture for us," Mr Wallis admits.

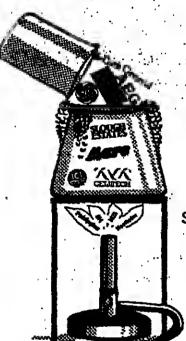
teaching mature students.

Flexible learning units are another wespon the college is adding to its armoury. Mature students will be able to choose from a range of modular of any age in the Thames Valcourses to help them towards of any age in the Thames Valley who want to get on, or who are being pressed by their firms to learn new skills. "We are in dents' time than the traditional. The comment around bere to the comment of the co system of two nights a week, or so, in class, rain or shine.

that lecturers and tutors can help students with problems quickly and informally.

Foreign students can provide a useful extra income for a college like Slough. Most join exist-ing courses and thus bring down unit costs. During the last 18 months, when fees from foreign students have been running at up to \$500,000 a year, the college has sent Mr Len Judge, its international liaison officer, to market the college in Hong Kong and Kuala Lumpur. One quarter of the population of Slough is made up of various ethnic minorities (mostly Asian) and the college has had an international reputation with successive generations of

foreign students.
Slough College, when it gets
its freedom, intends to be a
kind of supermarket of educational opportunities for people time. The economy around here is being held back by lack of



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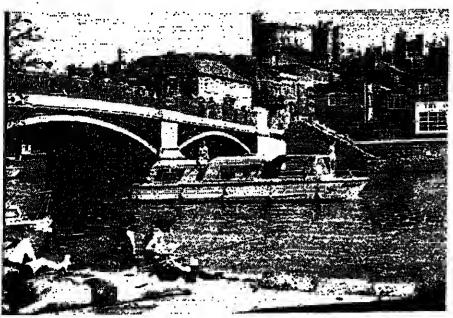
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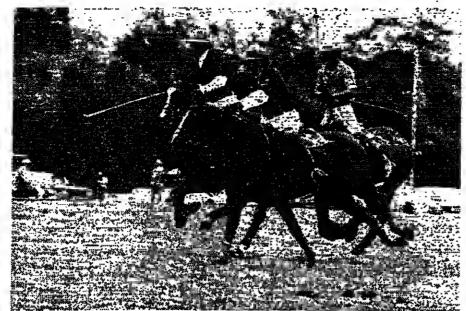
Slough Borough Council

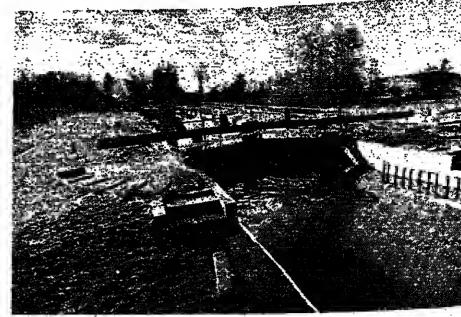
Linked to flexible learning, the skills. For the college staff it is college is developing a telenow a matter of making it phone counselling system so work," says Mr Wallace. The college has already set up a flexible learning unit with funds from the Manpower Ser-

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Financial Times Tuesday February 23 1988







Some of Berkshire's most notable tourist attractions (from left to right): the River Thames at

Tourism

Array of amenities for business and leisure

"IT'S A better place to talk business", trumpets the Royal County of Berkshire in its con-

The county's publicists know what they are talking about. There are three dozen conference hotels in the county, many of them clustered in the elegance of the Thamea Valley. and it is hard to get a room in any of them between Monday and Priday as businessmen sort out their policies in smoke-fued rooms, or attend conferences on sales, computer usage, staff attitudes — indeed, anything that gets them out of the

office.
Restaurants and hotels in the Thames Valley and thereabouts have, in recent years, probably

enjoyed more popularity than ity interests which want to they strictly deserve. That is spend time in Berkshire."

even acknowledged by those in the trade. They have had the county council and the district good fortune to be sucked along in the wake of the computers and high-tech bonanza in the district. The micro-chip does seem to first rate-payers and properties in Reliance than most countries in Reliance than the same mile or two. No matter of its own which brings them again and again.

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The darker side of the same mile or two. No matter to plot was of its own which brings them again and again

seem to generate an inordinate than most counties in Britain. expensive leisure facilities demand for food, drink, and The Royal attractions of Wind-clearly has much to do with the demand for food, drink, and good lodgings. Nevertheless some of the establishments really are first class.

"We are trying to put our county on the tourist map", says Mr Tony Allen, the chief executive of the county. "That means having good relations with the tourist industry, the staurants world, the river authorities, the Safari Park to the sor themselves draw 3.5m visifact that there are now reck-tors a year, many on day trips form London. Indeed, a good more to be more head offices in Berkshire than in any other town or county in Britain outside London.

And Berkshire does have the natural back-drop of the Thames Valley to woo its visitors when they tire of Royal pomp and panoply. The river authorities, the Safari Park

authorities, the Safari Park the Jumbo jet window as the scene can be achingly beautiful (Windsor), and all those minor- aircraft was on its final or depressingly sordid within

has a programme for improving amenitles, regulating the excesses of hire launch parties, and keeping the river clean.

At Reading and Windsor, there are plans to improve the river frontage opening it up to visitors with more amenities. The Windsor and Maidenhead Royal borongh, which has within its bailiwick some of the most beautiful stretches of the Thames, is developing its own local riverside strategy. Among

other schemes it wants to make it easier for tourists to visit and enjoy the better-known beauty spots such as Boulter's Lock, and Cookham Beach — without, however, offending the suscep-tibilities of local residents who pay high rates for the privilege of living in the Thames Valley and do not want it turned into a goldfish bowl. The local author-ities in the area find that a desirable new car park for the passing trade can also prove to be a painful eyesore for resi-

The old Kennet and Avon canal system joins the Thames at Reading. In the early 19th century it was, for a brief space of time, a thriving commercial link between Bristol and Lon-

don, before the coming of the railway put it out of business. By 1990 the old waterway should be open again throughout its leogtb after years of painstaking restoration work by local authorities and volunteers. When the waterway is working it will be a valuable new amenity providing a leisure waterway through west Berkshire. The canal will not be able to

accommodate the big motor cruisers that plough up and down the Thames in summer the gin palaces. But the hope is that it will prove attractive to lovers of small canal cruisers, ramblers, and fishermen.

The Kennet and Avon Trust points out with vigour that this windsor Rose Show, Royal will be no ordinary canal. Ascot, and Henley Regatta. Apart from joining two important river navigations – the Bristol Avon in the west and the Kenyot Cletter extends the compact of the target of the compact of the target of target of the target of target of the target of target of target of target of targe the Kennet (later entering the Thames) in the east - it is a spectacular water course in its own right. There are nearly 88 miles of canal with 104 locks. One flight at Caen Hill west of Devizes, Wiltshire, rises 237 feet in a couple of miles.

Recently, to speed the resto-ration of the Kennet and Avon, It has been made a job creation project uoder the Community Programme. Over 200 young people have been working on it, clearing the "cut" and re-build-ing locks in the intricate old brickwork patterns.

together last year when, hard-by the Aldermaston nuclear establishment in west Berks, the canal's Aldermaston lock was opened and promptly won a Civic Trust award for the quality of the restoration. The county's Beautiful Berk-

shire tourism campaign is hom-ing in this year on theme weekends - that time of the week when hotels are free from business conferences and training courses. It is offering ballooning in west Berkshire – the Newbury Icicle meeting is a winter highlight – William and Mary celebrations at Hungerford, and, of course, such favourites as the Royal Windsor Horse show, the Royal Windsor Rose Show, Royal

missed. This workaday little town on the west Berkshire downs is one of the world's great bloodstock centres. There are 1,200 racehorses in training in the district. They can be informally hispected any morning as they are ridden up to the downs for the gallops. If you like talking horses then Lambourn with its cosy jubs used by the stable lads is for you. And if you like seeing them run, and placing money on their backs, then it is worth reminding that Berkshire also boasts three race courses Newbury Ascot, and Windsor.

EVEN IN the beady atmosphere of the Berkshire property market, it came as something of a shock last month when the county council was able to realise £4.2m for two plots of residential land at Burcham, Slough, totalling slightly less

than 6 acres.

And that was not the whole sum involved in the deal. Local when up to £1m an acre for builders, Thamesway Homes of residential property sites can liver, also agreed to pay be obtained is fast approaching

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paddocks, village greens,

parks, green belts and

fairways of Berkshire

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builders, Thamesway Homes of liver, also agreed to pay be obtained is fast approaching an adjacent road intersection the county. And it demonstrates the way the council's present policy of seeking "planabout this deal. It confirms what many professionals in the Berkshire property market have been saying - that the day infrastructure has been infrastructure has been adjacent road intersection the county. And it demonstrates the way the council's present policy of seeking "planabout this deal. It confirms what many professionals in the Berkshire property market have been saying - that the day infrastructure has been infrastructure has been in the county chief the associated roads it needs.

The days of "planaing gain" find all the money for imradeals in Berkshire may be numstructure associated with housing deals in Berkshire may be numstructure associated with housing developments - particularly (the government and the Berkshire focal roads, site facilities, and community facilities.

Mr Allen also points out that the sensible developer building houses in Berkshire accepts his vention in the county's housing policy. Their leader, Mr John Leston comments: "the rape of Berkshire is set to continue now berease in the county of the sensible developments - particularly (the government and the Berkshire focal roads it needs.

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Mr Allen also points out that the sensible developer building houses in Berkshire accepts his vention in the county's housing policy. Their leader, Mr John Leston comments: "the rape of Berkshire is set to continue now bereased and the money for imrastructure associated with house find all the money for imrastructure associated with house focal roads, site facilities, and community facilities.

The Alliance councillors of the sensible developer building houses in Berkshire accepts his vention surrounding environment.

The Berkshire housing market has to be seen in the context of a county which is one of This space is dedicated

Residential property

An insatiable demand

above I per cent a year.

Although the county is disappointed with Mr Ridley's response to its draft structure plan, there is no doubt that the 7,000 additional houses by the mid-1990s he is demanding, over and above the council's recommendations, will be occupied eagerly as soon as each of

them is ready. Berkshire has sostained a Berkshire has sostained a very high rate of housing growth over the last 30 years. During 1976-82 an average of 4,400 dwellings a year were being built. During 1983-85 the pace of house building quickened again as high-tech industry brought new prosperity came to the area. More than 6,000 houses were being built every year.

is still more than 5,000 houses a year with the private sector providing nine out of every ten new houses. Indeed, the private

man, the group leader accuses the ruling Tories on the council

Berkshire is set to continue now that Mr Ridley has decided to the fastest growing parts of the south east region. In 1985, builders' public relations agenties that a population of cies than the clearly expressed wishes of the people of Berkshire'.

The Alliance support the county council, however, in its "planning gain" policy designed to ensure that major develop-ments do not proceed until a firm plan has been agreed for infrastructure developments.

Mr Leston offers an interesting comment on the row between the county and Mr Ridley over "planning gain". He says: "the county council's original structure plan contained many creative and helpful proposals designed to minimise the damage caused by rapid development M. Bidler has reconstructed. opment. Mr Ridley has removed those weapons from oor armoury, leaving us more vul-nerable to the developers. In particular, we are amazed that ,000 houses were being built he has acknowledged the problems of severe traffic congestion in Reading, and has then aupported policies which will

make it worse. While Labour hammers away providing nine out of every ten new houses. Indeed, the private sector has increased its building rate in the county by 75 per cent during the last ten years.

Commenting on the Ridley proposals for Berkshire housing, and wants new consideration to be given to cheaper the Berkshire council politicians seem to be united in their cians seem to be united in their forcing upon the county "an extra 7,000 homes at prices that local people will be unable the M4 towards. Wokingham that local people will be unable the M4 towards Wokingham to afford". Dr Lawrence Silverand Bracknell, they foresee that nothing will stop continu-ous urban development right

across the centre of the county.
The intention is that 5,000 of the 7,000 extra new houses will be within the areas of Bracknell and Wokingham district councils. Other locations proposed are the Newbury-Thatcham area to serve demand in west Berkshire, and in Slough at the east end of the county. House prices clearly indicate the pressures in the Berkshire housing market. A poor little terraced house in Reading can fetch more than \$40,000. Something rather better, but far from being a high quality property, can fetch £85,000, if it is near

the university.

In the more desirable rural parts of the county, particularly around the Thames, Newbury, and the Kennet and Avon canal, decent family houses with four or five bedrooms are not likely to be below £120,000, and can fetch well over £300,000. If you can find one with a river frontage be prepared to pay between £30,000 and £100,000 extra for the privilege of access to the water. privilege of access to the water, depending on the size of your desired domain.

The Berkshire highways and

planning department reckons that local house prices have risen by 30 per cent in the past year. "It has been one of the highest increases in the coun-try" says Bob Clarke, director of the department. Combined with the effect of past increases, the average price of a house in the county is now some 70 per cent above the national average - a stark reflection of the overall high demand, the general economic buoyancy of the county, and the ready availability of mort-

gages.
Although the Ridley proposals for 7,000 extra houses in Berkshire, over the next 8 ears or so, are proving the ery stuff of political contention, it is worth remembering also that the effect of them upon the total housing market the county will be minimal. New houses - even when being built at a rate of more than 5.000 a year as has been hap-pening – only account for some 10 per cent of all the houses sold in Berkship.

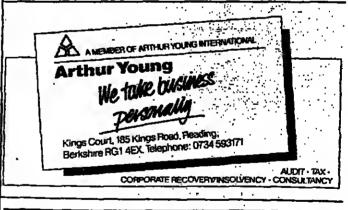
The message from the housing market is that the open and fast-moving nature of high-tech industry and commerce calls for an equally open and flexible housing market.
Housing needs and a proper

concern to protect the Berk shire environment are unlikely to reach any amicable formula for living together in the fore-seeable future.

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Basic Facts

Population: 730,000

Berkshire Enterprise Agency: 10 The Forbury, Reading. 0734.585715

University of Reading: Whiteknights, Reading, 0734.875123

Berkshire College of Agriculture: Hall Place, Burchetts Green, Maidenhead. Littlewick Green 4444

Berkshire College of Art and Design: Raymond Road, Maidenhead, 0628,24302

Reading College of Technology: King's Road,

Reading. 0734,583501 Principal Chambers of Commerce: Slough, 0753.77877 Reading, 0734.595049

Berkshire County Council: Industrial and Commercial Property Register and Business Information: Shire Hell, Shinfield Park, Reading, 0734.875444

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Tate Gallery/William Packer

Bomberg vindicated

Dsvid Bomberg died in London in the summer of 1957 at the age of 66. Although he was always a figure of soms consequence in the art world, combative in his own cause and commanding a small but loyal commanding a small but loyal following of students and collectors, he nevertheless suffered long years of shameful critical and official neglect. He disd in straitsned circumstances, a depressed and embitiered old man whom we now crecognise as one of the most distinguished of British artists of this century. The evidence, presented by the critic, Richard discontant of the common and always at pains to dissociate himself from Wyndist conditions and collections, his study of the life's work now on show at the Tate Gallery (until May 8: then on to on he found himself ever more burtonly and artists and here, as in that eartier that earnier Tate show, it is still that astonishing early work, as radical in its commitment to a simmany qualities, it does not appeal to me very strongly and I would not be acting sincerely appeal to me very strongly and I would not be acting sincerely appeal to me very strongly and I would not be acting sincerely appeal to me very strongly and I would not be acting sincerely appeal to me very strongly and I would not be acting sincerely appeal to me very strongly and I would not be acting sincerely appeal to me very strongly and I would not be acting sincerely appeal to me very strongly and I would not be acting sincerely appeal to me very strongly and I would not be acting appeal to me very strongly and I would not be acting appeal to me very strongly and I would not be acting appeal to me very strongly and I would not be acting appeal to me very strongly and I would not be acting appeal to me very strongly and I would not be acting appeal to me very strongly and I would not be acting appeal to me very strongly and I would not be acting appeal to me very strongly and I would not be acting appeal to me very strongly and I would not be acting appeal to me very strongly appeal to me very strongl

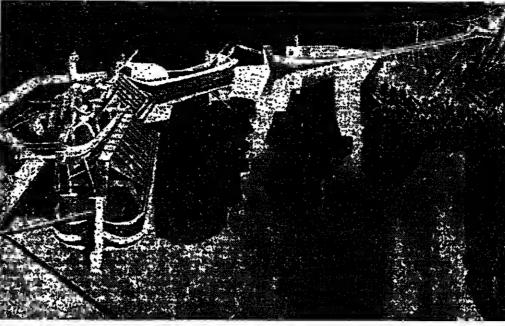
1960s. They began with several small shows, including one by the Arts Council at the Tate in roofscapes of Toledo and Jeruthe Arts Council at the Tate in 1967, and there were pioneer-ing studies into the Vorticist 1920s, and the free and opulent achievement in general, and rockscapes of Ronda and inevitably into Bomberg's part Cuenca of the 1930s that hang in it, by Anthony d'Offay and Cork himself. Even so, for any that there ever was any prob-

of this century. The evidence, own man, always at pains to presented by the critic, Richard dissociate himself from Wyn-Cork, in his study of tha life's work now on show at the Tate Gallery (until May 8: then on to Seville and Yale), is incontroseville and Yale), is incontroseville. Seville and Yale), is incontroverible.

The received wisdom always was that Bomberg's great moment came when, barely out of the Slade, he was the most precocious of the Vorticists in their brief efflorescence in the year or two before the First World War. After that, for Bomberg as for the others, it was downhill all the way. This impressive show gives that the lie, although this is hardly surprising since the processes of revision and rehabilitation have been in train since the mid 1960s. They began with several

proposals for further works. But the committee, of which Clark was chairman, rejected the painting which he submit-ted in fulfillment of his con-tract, taking only three of the drawings, which they then failed to exhibit.

The work standa now, of course, as his triumphant vindicourse, as his triumphant vindication, and not only in the particular instances of the Bomb Store work but throughout: at no point are we left in any doubt, and it is the signal quality of this exhibition that it gives us work that, for all its obvious variety, remains all of a piece, the product of a single unitying sensibility. There is no sense in which the early Vorticits work is relegated or qualified; here it hangs as celebrated and impressive as ever. But the signal quality of this exhibition that it gives us work that, for all its obvious variety, remains all of a piece, the product of a single unitying sensibility. There is no sense in which the early Vorticits work is relegated or qualified; here it hangs as celebrated and impressive as ever. But the interior and and are canvasses in any perhaps the most unpopular artist in England, and only because I am a draughtsman first and a painter second." in fact in him the draughtsman and the painter are indivisible. The final rooms of the exhibition are to the wonderful paints of the rooftops of Tolsdo and Jsrusalem, of the cliffs at sense in which the early vorticits work is relegated or qualified; here it hangs as celebrated and impressive as ever. But their squares and edges, and am perhaps the most unpopular artist in England, and only because I am a draughtsman first and a painter second." in fact in him the draughtsman and the painter are indivisible. The final rooms of the exhibition are the wonderful paints of the rooftops of Tolsdo and Jsrusalem, of the cliffs at the signal qualities of the wonderful paints are thought which this handling of the painter are indivisible. The final rooms of the exhibition are the painter are indivisible. The final rooms of the exhibition are the painter are indivisible. The final rooms of the exhibition are the painter are indivisible. The final rooms of the exhibition are the paint and the paints and the painter are indivisible. The final rooms of the exhibition are the paint are the paint are the paint are the paint cist work is relegated or quali-fied; here it hangs as celebrated and impressive as ever. But now at last we can see that there was never any essential Cork himself. Even so, for any that there ever was any prob-but his Vorticist work, he lem of understanding or accep-remains virtually nnknown tance. Kenneth Clark, replying in an entirely new direction.



"Barges" by David Bomberg, 1919

Ws look at the great paintings mulating freedom of the state-of 1913 and 1914, "The Mud ment. "I approach drawing Bath" and "In The Hold" with solely for structure," he said: "I all their squares and edges, and

by precept and direct example; It is by the later careers of such artists as Frank Ausrbach, Leon Kossoff, Roy Oxlads and Dennis Creffield that his memory was first kept alivs and is

now celebrated. Smallsr Bombsrg shows not other galleries - Gillian Jason, 42 Inverness Street NW1, until March 18; Odette Gilbsrt, 5 Cork Street W1, until March 18; Bsrnard Jscobson, 2a Cork Street, until March 12; the the late almost recklessly free remains as strong and vital as Boundary Gallery, 98 Boundary

by contrast, came not as the fuoco sixteenth, and the deter-highpoint of expectation but as minsdly hard, unrelenting somsthing more unemphatic sonority of his twinty-fourth, and aubtle; though the pianist Allegro oppassionato, prelude found thrilling snough which was naked passion to be (expertly devised) martial sure, and whose ending with sonorities for its end, just as rspsstsd Ds in the bass was she always in fact found memo-mads wonderfully raw. Messiaen's 'Livre'/Festival Hall

Maria João Pires/Elizabeth Hall

Paul Driver The concert career of the Portuguese pianist Maria João Pires, items during the concert. Which was retarded by a period of Ill health, but successfully mant of her C major sonata had

of Ill hsalth, but successfully resumed n couple of years ago, uncommon depth of feeling continues to blossom. On Sunbehind its melodic grace, whils day aftsrnoon she easily the finals to this work was a snthralled the audience for her cascade of ksyboard colour and recital at the Queen Elizabeth Hall, when she played a first half of Mozart sonstas and Jeux d'eau was an abrupt contable of Mozart sonstas and Jeux d'eau was an abrupt contrast and wholly snchenting.

Of the Chopin Preludes Ms Pires made a profound, concentrated, and, in line with their sousses of moods, increasingly

with marvellous limpid precisquence of moods, increasingly sion and evident conviction as temperatures statement. Espeto their structural consequencially ear-catching were the tiality. Both (the C msjor, Lento second prelude's bleak, K.330, and the A major, K.331) muffled, dissonant bass accom-

K.330, and the A major, K.331) muffled, dissonant bass accom-were presented virtually with-out inter-movement breaks, and sceptional control of the bass ons had a palpabla sense of ragister in a syrything and their large-scale musical archi-tecture in each case. The thems flurry of the fifth piece (Alle-and variations first movement of the A major was shaped in twelfth, Presto, preluds with a an altogether grand fashlon, pair of bullet-shot thumbs, the lant a convincing weightiness great expressive curve of her which its sweet surface belies. fifteenth (the "Raindrop"), the The familiar Alla turca finals, authentic fire in her Presto con-by contrast, came not as the fuoco sixteenth, and the deter-

David Murray Jennifer Bate gave the British houstless, of the petent Mespremière of Olivier Messiaen's siaen stamp (do-it-yourself Mes-Livre du Saint Sacrement in sien is quits feasible, but he Westminster Cethedral about sixteen months ago, with the composer of hand to approve. Hyper-rich chords not far from Hes returned on Sunday afternoon, when the event was respected in Festival Hall—less hallowed, but boasting a clearer footnotes), "toccata" sections acoustic and an organ with a where the hands do repetitively range of plausibly French timbres. Miss Bate's playing was bres. Miss Bate's playing was pedal-line, gentler musings that phsnomenally lucid and float against a luminous haze, assured, and she took brilliant in the Livre, the cadence in advantage of what the organ "Puer natus est nobis" that can afford: it was obvious why evokes Messiaen's teacher Paul

was vital, for in this huge work – eighteen highly various pieces in all, lasting well over two hours – there is less continuous music than ever. Biggs

can afford: It was obvious why evokes messiaen's teacher Paul she should be one of Messissn's Dukas cannot be an accident; specially favoured interpreters. but the recall of Stravinsky's Except for those who are Les Noces in the psnultlmats implacably resistant to Messiaen's music, it was a mightily increased in the psnultlmats implacably resistant to Messiaen's might be, and in the preceding "Prière" the echo of Impressive performancs. Miss George Harrison's "My Sweet Bate's gift for finding the dramstic bite in Messiaen's rhstoric was vital, for in this huge work — eighteen highly various and accident; specially services in the psnultlmats implaced in the psnultlm

rankenstein-music for the Resulus music than ever. Piecs after plece offers instead a sequence of discrete events, sculpted musical objects, with room to take dignified breath in the interstices; in the absence of description of the Resulus meditation on the Eucharist). room to take dignified breath in
But Messlaen remains invorrighte interstices; in the absence bly himself, and for a 76-yearof dsveloped argument, highdefinition silhouettes are essenhis well-tried elements in a conial. struction of such monumentally They are fairly familiar sil- sustained piety can be no sln.

Opera Restor'd/Elizabeth Hall

Richard Fairman

The conversion of the Elizabeth in its score. It certainly does scals staged performances has heavy-handed as that devised opened its doors to a variety of by Jack Edwards but out of the fringe opera companies that great volley of jokes that he otherwise lacked a prestige out-let in the capital.

widening the rspsrtoirs and sncouraging nsw talant, ars

Opera Restor'd is s new company, devoted to the revival of English masques and baroque operas. Their claim is to restore "authentic production" styles authentic production styles but somewhere along the way that objective has gone hopelessly awry: the desire to look in period has resulted in a cascade of powdered wigs, frilly lace costumes and flouncy posturing and dancing that could submerge even the greatest stage-works of the day in a sea of preciosity.

Of the two works that they

threw at the piece, at least a few hit the target. In Nsil The gains that might accrue Lunt's Pyramus it also had one from this movs, in terms of amusing player. To stage Purcell's Dido and

shear againg have the same way, now-self-evident; and so it is espe-ever, is nothing short of a crime. One would have thought that this, of all sarly English operas, could virtually play itself but here the overlay of camp the tricals was so thick that not a glimmer of the work's power, humanity or genuine depth of feelings was able to shine through. The playing of the small orchestra (six instruments) undsr Pster Holman was some compensation, though even that reduced the music to one overall mood and tempo. The singing was ade-

It only remains to note that Of the two works that they the store of Dido was supple-selected for this treatment, J F mented by dances taken from Lamps's Pyramus and Thisbe other Purcell works so as to (1745) came off the more restore its original character -lightly. This is a "mock opera," but at s prics: the opera snded cleverly adapted from its with two cupids in pink turbans Shakespearian source and disturbing cutsly about the stage playing a fine sense of humour and not in unison either.

Sotheby's in London yestsrday parent snamelled topographical held its first combined sale of beaker of around 1820.

The Importance of Being Honest/Glasgow

Michael Coveney

The touring company Wildcat (Gordon Dougall), whose lepi- cut-out design of tower blocks The touring company. Wideat unveiled their new production at Jordanhill College of Education, Glasgow, over the weeksnd. Billed as a musical farce, David McNiven's show touches on issues of freedom of information and official secrets with dopterist leanings impel him and offices. and their banist, Professor "Hamish" Fitzgerald (Valsris Edmond). Classical Classica sified information is leaked in a Batterfly monthly:

many a merry allusion to the cases of Sara Tisdall, Clive Ponting and Spycatcher.

Maisle McSween (Dorothy Paul) is a cleaning lady in a government office. Surprised The magazine offices are raided by the Special Branch, and the McSween family trailed by the secret agents in various quick change disguises. Each half ends with carefully organby a couple of cross-talking secret agents, she dives under a ised farce sequences (well directed by David Anderson) desk and overhears that the Parisian blue will be extinct by the end of the year due to "a this kind of rapid fire political presence in the atmosphere," cabaret. Doors and filing cabiThis is unwelcome news to her nets jump open and alam shut nature-loving son Somerled on Stewart Laing's clever grey



Steve Kettley and Alexander Morton

66 Extel Financial –

and offices.
At their best, Wildcat tran-scend the debilitating weak-nesses of most satirical enter-tainment. Sustained argument or complexity of thought ars not to be found. But vitality of communication and fine music and lyrics are here in abundance. I often think, in fact, that David McNiven is one of the best musical theatre talents

in Britain today. The truth games start with a splendidly intricate song about George Washington, and the score embraces funky blues, jazz and regge. The lyrics are unfailingly literate and beauti-fully delivered. One extended item ("Will we ever really know all we want to really know about Marilyn Monroe") alights on various conspiracy theories concerning Hilda Morrell, Ron-ald Resgan, and John Lennoo (with a cunning quotation from "Imagine"), all wrapped up in a plaintively melodic ballad employing the full range of the company's musical skills.

By this time the Special Branch man has been transformed into an amnesiac dog and the nuemployed Joe McSween (Alexander Morton) identified as a security risk on identified as a security risk on account of his trades union activities. The element of Big Daddy paranoia, of names on lists we don't know about, is twisted into a finale thanking us for coming but suggesting we will pay for the privilege.

The Importance of Being Honest does not begin to tackle the very hot topic of a British citizen's democratic right to know as opposed to his civic responsibility as a subject of the Crown. But it does offer the sort of scattergun, energetic theatre ws ses too little of south of the Border. And the Wildcat company are as tal-ented and likeable as ever. They play town halls and com-munity centres throughout Scotland this and next month, ending with a three-week run at the Glasgow Citizens In

BBC Symphony Orchestra/Barbican Hall

Andrew Clements

Saturday's concert in the Barbican-based "A Theme, with Variations" series managed to include two sets of varistions—Walton's on a theme by Hindemilth and Elgar's Enigma Variations. However, the most interesting Item in the BBC Symphony Orchestra's programms, conducted by James Loughran, was the Viola Concerto by Thea Musgrave.

If a general criticism can be made of this celebration of Briting and the state of the Proms in 1973, given its first performance with the composer's husband Peter Mark as soloist, and then allowed to languish. Yet as Paul Silverthorne's performance here lucidly demonstrated, it is a well-characterised, rewarding work in a genre not overpopulated with viable examples.

There are neatly turned dialogues between the soloist and orchestral principals and soms Saturday's concert in the Barbi- The Musgrave Viola Concerto evening. The Hindemith Varia-

groups which tend to obscure rather than aid the cause of a whole cadre of English composers, there is any oumber of orchestral works commissioned and first performed in this country during the last 20 years or more that have been hardly ever been revived.

nade of this celebration of Britlogues between the soloist and
lish music it is that a valuable orchestral principals and soms
opportunity to explore vivid scene-setting in the tuttis;
neglected facets of the repertoire has generally been tuting a continuous span of
lignored. Even discounting the music lasting 20 minutes) is
clamour of the special-interest dramatically coherent, though

thoroughly serious and searching set, making a strong case for the work to be regarded alongside the First Symphony and the Violin and Viola Concerts in the first make of Walcertos in the first rank of Walton's orchestral music, rather then as another example of knee-jerk, virtuosic orchestra-tion. The Enigma Variations too acquired symphonic strength, and in a curious way completed a line of continuity through the While the links between Elgar

tions were presented as a a

and Walton are obvious enough, one might not have fitted Mus-grave - a Scottish composer dramatically cohsrent, though not consistently memorable.

The viola sometimes lights among some bold, opulent melodies, and it's in those that the expressive core of the concerto seems to be sited.

Under Looghran's direction the BBC SO was lo weighty, responsive form throughout the

Nash Ensemble/Wigmore Hall

David Murray

cessive sections: a pair of winds fixes the interval, while a pair of strings and the piano sideslip in the direction of the next and of strings and the plane sidesup (for he accompanied this little in the direction of the next and flute Fantaiste and a half-throw up decorative haloes, dozen songs too); fair enough critical niggles are only a mathematical has a clever ear but the but he often kept higher figurator of looking an irreplaceable dominant impression was that thou too discreet to make

On Saturday the Nash team this stuff is not hard to do, nor gaves the penultimats concert in their "Paris 1867-1987" series, terms - does it test compositional muscles against any for-astringency to the fare. With

their "Paris 1867-1987" series, which met their usual scruputional muscles against any formal execution. Perhaps there were more little-ish pieces than nsual: Fanré's Second Piano Quartet made excellent ballast at the end but the next slougest work was only Tristan Murail's Thirteen Colours of the Secting Sun — 15 minutes of neo-Impressionist minimalism in search of a pretty video.

Each "coloor" is generated around a single interval, in successive sections: a pair of winds of strings and the piano sideslip in the direction of the next and the colour in the finals and the piano sideslip in the direction of the next and the pass across the thread bare theread bare effects pass across the thint of satisfication and the piano sides in cris

February 19-25

Arts Guide

Opera and Ballet LONDON

Royal Ballet (Royal Opera House, Covent Garden). A varied triple bill of The Sons of Horus, Sym-phonic Variations and La Fin du

Jour.
Royal Opera (Boyal Opera House,
Covent Garden). Janacek Jenufa
returns to the house in the production by Yury Lyubinov that was
new and widely admired last sea-

son.
English National Opera (Coliseum). The first EMO production of Britten's Billy Budd assembles a greatly promising cast. Also in a greatly promising cast. Also in repertory this week: Graham Vick's deeply unsatisfactory Madam Butterfly production and the latest revival of Bavid Fountagy's fun but not-very-Offenbachian Orpheus in the Underworld.

PARIS

PARIS

Paris Opéra. Homage to Serge Lifar
by the stars and pupils of the
Paris Opera Ballet with leare
danced in Picasso's decor and costumes alternates with Katia Kabanova inaugurating a cycle of Janatek in a co-production with the
Los Angeles Music Center Opera
conducted by Jirl Koot.
(47425371).

Saile Favart. Enjoyable double bill
of La Dansomanie and Paquita.

TOKYO

Lyon Opera Baltet (Nakano Sun Plaza) Cendrillon where all the dancers wear masks and move like dolls in this fairy tale for adults.

(478 8888) (ends Feb 29)

Pajiwara Opera Company (Tokyo Bunka Kaftan, Useo) La Traviana conducted by Edoardo Muller and directed by Glampaolo Zenarro in dire

WEST GERMANY

WEST GERMANY

Berlin, Dentsche Oper. Der Liebestrank, produced by John Copley, will have its premiere this week. Tosca has fine interpretations by Janis Martin and Ingyar Wixell. Manon Lescant brings Pilar Lorengar, Ann Murray and Giorgio Merlight together.

Hamburg, Stastsoper. Cav and Pagstars Julia Varady and Wladimir Atlantow. Zar und Zimmermann is a well-done repertoire performance. Carmen, sung in French, features Buzz Baldani and Franz Grundheber. La Traviata completes the week.

Gologne, Opera. Pique Dame Is respectable with Josef Protschka, Manfred Voiz, Martha Modl and Nadine Secunde. Don Pasquale has a strong cast with Ulrich Hielscher and Janice Hall. Hellen Kwon repeats her much praised Queen of the Night in the Magic Finte. Also offered Der Barbier von Sevilla.

von Sevilla.

Frankfart, Opera. This week's highlight will be the premiere of Otello
with star tenor Rene Kollo in the
tile role and Gary Bertini as comductor. Also in repertory: Cosl
Fan Tutte with Margaret Marshall
and Bodo Schwanbeck. Le Nozze
di Figaro with Edith Mathis and
Tom Fox; and William Forsythe's
hallet Impressing the Zar. ballet Impressing the Zar.

bellet Impressing the Zar.

Stattgart, Württembergisches Staalstheater. Fidelio returns to the house with Deborah Polaski, Raili Viljakainen and Toni Kramer. Die Entfuhrung aus dem Seraii has fine Interpretations by Yoko Nakamura and Gunter von Ramen. Iphigenie anf Tauris in Achim Freyer's production with Tomoko Nakamura, Claes H. Ahngio.

Spas Wenkoff and Claes H Ahnajo. Ariadne auf Namos has a strong cast with Delores Ziegler, Sabine Hass, Christian Boesch and Claes H. Ahnajo. The Magic Flute takes the leads Effe Hobarth, Angela-Maria Blasi, Manfred Schenk and Siegfried Jerusalem. Romeo et Juliet, choreographed by John Cranko, closes the week.

ITALY

Milan, Teatro alla Scala. Francesco Cilea's Adriana Lecouvreur con-docted by Gluseppe Patans in Lamberto Pugelli's production. The cast includes Montserrat Caballe, Jose Carreras, Juan Pons and Florenza Cossottop (80 21

and Florenza Cossottop (80 21 96).

Bome, Teatro dell'Opera. Bellini's La Sonnambula conducted by Alberto Ventura in a well-sung but somewhat drab production by Silvis Cassini. Also the Teatro dell'Opera ballet company in Heiuz Spoerli's Midsummer Night's Dream. (48 17 55).

Genoa, Teatro Margherita. Madsme Butterfly conducted by Daniel Oren, with Yasako Hayashi in the title role, Kumiko Yoshi as Suzuki and Giuliano Ciannella as Pinkerton. (58 83 28).

Turia, Teatro Regio. Gotterdammering in Gianfranco de Bosio's production conducted by Zoitan Pesko, with Heribert Steinbach (Siegfried) and Jeannine Altmeyer (Brunhilde). (54 80 00).

Trieste, Teatro Comunale. Arizane auf Naxos conducted by Spiros Arghris, in Giulio Chazalettes's production, with scenery and costumes by Ulisse Santicchi. The cast inchdes Johanna Meier and Penelope Lusi. (68 19 48).

Palermo, Teatro Petruzzelli. Barber of Seville, conducted by Daniele Gazti and directed by Dario Fo, his first attempt at opera. The cast includes Leo Nucci and Alfredo Mariotti. (52 41 751).

Bologna, Teatro Comunale. Roberto Simone's highly successful pro-duction of Rossini's Il Signor Brus-chino (given at the Rossini Opera Festival at Pescara in 1985), con-ducted by Maurizio Benini and designed by Enrico Job. (52 98 99).

NETHERLANDS

Amsterdam, Moziektheater. Premiere of the Netherlands Opera production of Salomé by Richard Strauss, directed by Harry Kupfer. Hartmut Haenchen conducting the Rotterdam Philharmonic, with Eva Maria Bundschuh in the title role, Gunter Neumann (Herod), Hsige Dernesch (Herodias), and John Brocheler as Jokansen (Wed). The Laura Dean Dancers and Musicians from New York with the world premiere of a new bailet. (25 54 56).

NEW YORK

Metropolitan Opera (Lincoln Center Opera House). James Conlon conducts August Everding's production of Khovanschchina with Elizabsth Knighton, Stefania Toczysks and Timothy Noble. James Levine conducts Otto Schenk's new production of Sier. James Levine conducts Otto Schenk's new production of Sieg-fried with Hildegard Behrens and Donald Mcintryre. Nello Santi conducts Luisa Miller in Nathaniel Merrill's production with Silvia Mosca, Wolfgang Brendel and Paul Plishka. (362 6000).

WASHINGTON

Washington Opera (Kennedy Center Opera Hoose). Fldslio, conducted by Gsrard Schwarz, in Michael Hampe's production features Laila Andersson-Palme as Leonore, Herbert Eckhoff as Don Fernando and Marcus Haddock as Jaquino. (254 3770).

Saleroom/Antony Thorncroft Glass joins ceramics

cast.

Grahame, the London dealer, paid £7,700 for an sarly Anglo-Venetian goblet of the late 17th century, which was also estimated at up to £2,500, whils Seibu of Japan bought a Silesian sngraved sweetmast glass of around 1735 for £5,280. Another London dealer, Jeremy, acquired an Apsley Pellatt sulphide plaque of around 1820, bearing a bust of King George IV, for £4,400, in a rather lacklustre sale, with way above forscast. A silver gilt mounted Silasian serving the stemp jug of around 1730 sold for RVLC dld better than expected, £4,180 as did a Viennese trans-

held its first combined aale of glass and ceramics covaring that idss is to intsrest buysra of early glass in early ceramics, and to separate the punters for 17th and 18th century pottery and porcelain from the addicts for the lester 19th century wares, which have a quite different appeal.

The glasa section totalled £120,538, with 15 per century the social season and during the wares octagonal session with a searly a rare octagonal session with a searly 1930s, sold for £1.52m (3.96m bottle dating from 1738. Its contents may not be drinkable but the odd shape of the bottle, which carries the name J.M.Reevs, attracted competitive bidding which went way ahead of the £2,500 top forecast.

Grahame, the London dealer, the Ashoka dlamond, a 41.37

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Tuesday February 23 1988

Mr Shultz's initiative

circumstances than the Mid-

has been greeted with dissen-sion within the Israeli body politic, scepticism in the Arab world and more violence in the Israeli-occupied West Bank and Gaza Strip. The substance of the US proposals appears to bave already been rejected by large segments of the Israeli right, Syria and the Palestine Liberation Organisa-

The assumption among sceptica and rejectionists alike is that they are witnessing a half-hearted attempt by a lame-duck Administration to ease the immediate pressure on Israel rather than a sincere bid to address the central problem.

Unseemly haste

Washington has put little high-level effort into mediation between the Arab states the timetable Mr Shultz is setting himself – involving the
start of negotiations on their
final status by the end of this
leaving ambitious.

The start of negotiations on their
final status by the end of this
as called for in United
the M3 motorway. More and
nore, it is a seller's market. year - looks too ambitious. Nations Security Council reso-Moreover, many observers lution 242 - before they start. There is the rub for Mr Yitis an entirely new phenomenon which demands new thinking from everyone mulation of long-standing US

into the latest proposals, and that Mr Shultz knows he

The skill of the Shultz plan, peace initiative have been as confirmed in an off-the-remounted in more inauspiclous cord speech by the Secretary of State to the US Council of dle East mission being under-taken thia week by Mr George Shultz, the US Secretary of — determined in part by the November elections in Israel The plan for resolving the and the US - and in the link it Arab-Israel conflict which Mr is seeking to establish Shultz will be taking to the between procedure and sub-region from this Thursday atance in Arab-Israeli negotia-

Issues of substance

To address the immediate tensions in the occupied territories, it calls for negotiated moves to improve political conditions thereby establish-ing a form of interim self-rule under an elected local authority. To deal with the underly-ing issues, it suggests that full tus of the territories should be launched not much more than six months after the establishment of interlm autonomy. It also appears to promise something of the political "cover" which Jordan's King Hussein needs in order to embark on negotia-tions with Israel by incorpo-rating an international conference at an early stage. The most important innova-

and Israel since 1982, and has tion in the new plan is the been forced to act now in way in which it tries to focus what might seem like attention on issues of sub-unseemly haste by the 11- stance at the outset. Mr week-old Palestinian uprising Shultz says it will be essential in the occupied territories. By for the parties to agree in any conventional measure, general terms on what they the timetable Mr Shultz is set- are negotiating about -

> Minister and Likud leader, who rejects any suggestion of Of the South-East", the area Israeii withdrawal from any surrounding London, It is part of the occupied territo-showing all the signs of

public issue with the Israell Itself, that Mr Shultz knows he needs to show he ls in earnest by exerting pressure on israel for concessions. Out of that, there is a chance that progress will be conjured, if not towards a solution then at least towards a clarification of the issues involved.

public issue with the Israell Itself. The name has been popularised by incomes Data Services now, Mr Shamir and his allies, risk being conclusively exposed as the principal gence of the Roseland factor obstacle to a negotiation which may offer Israel a way out from the present cycle of the issues involved.

Time to free car imports

THE UK CAR industry has entered the silly season with the atrike at Land Rover, the recently recovered and still the Trade Policy Research barely profitable subsidiary of the Rover Group. The Government is right to insist, in response, that it will not bail out managers who give in to demands which their firms the EC exchequer. Work the form the construction of the trade published by the Trade Policy Research the Trade Policy Research of about £180m, of which more than £130m was transferred to Japanese exporters from the EC exchequer. Work cannot finance.

Embarrassing

appropriate time to announce the termination of the anti-competitive voluntary export restraint (VER) agreement with other instruments. So, if that has limited Japanese exports to 11 per cent of the UK car market since 1977.

The legal status of this VER is far from evident. What is apparent however is its apparent, however, is its priate. incompatibility with the new motto of the Department of Trade and Industry as the "department for enterprise" the US, about whose protections are incompatible to the use of the US, about whose protections are incompatible to the use of the

more obvious.

The taxes with which the Chancellor is concerned in the Budget are not the only ones that residents of the UK have to pay. A VER is equivalent to a consumption tax on Japa.

The VE nese car imports whose pro-ceeds are remitted to Japaof such a policy within the EC, has aubcontracted it to

It is not as if the costs are negligible. A study by Mr Brian Hindley published by under way at the Centre for Economic Policy Reaearch, under the direction of Profes-But it should go further.
There will never be a more appropriate time to a more 2130m. In this study, too, a large part of that cost results

"department for enterprise" the US, about whose protections and the announced aim of promoting competition. By announcing the elimination of the VER, the Government can make the need for international competitiveness still more obvious.

The taxes with which the exist in France and Italy. But the US, about whose protectionism so many complaints are made, no longer has a formal VER with Japan. Japan nesse administrative guidance limits exports to 2.3m vehicles, which represents twice the market share enjoyed by Japan in the UK.

The VER was designed to a consumption tax on Japanese car imports whose proceeds are remitted to Japanese car manufacturers. Such a tax would prove too embarassing for any Chancellor, let alone Mr Nigel Lawson, to introduce, so the job has been also contributed to the decision by Nigsan to extablish in the UK. subcontracted to the Minister sion by Nissan to establish in of Trade who, presumably the UK, but the advantages of

tectionist barriers are always the Society of Motor Manufacturers and Traders (SMMT).

The SMMT has suggested to the Japanese car manufacturers are always ers that they should form a cartel against the British people to limit the "injury" that would otherwise be done by would otherwise be done by high quality to sell cheap, high quality to sell cheap, high quality cars. However happy to oblige, the Japanese Another example of Occi
Toronto Crash

Wimbledon /-1

The bookmakers continue to apply their own peculiar brand of logic when fixing odds for the FA Cup. Third division Port Vale, in the last 10, have had their odds of winning lengthened by Ladbroke to 500-1 compared to 250-1 when 16 teams high quality cars. However happy to oblige, the Japanese happy to oblige, the Japanese cold shower, it will cool overhead expectations.

Wimbledon /-1

The bookmakers continue to apply their own peculiar brand of logic when fixing odds for the FA Cup. Third division Port Vale, in the last 10, have had their odds of winning lengthened by Ladbroke to 500-1 compared to 250-1 when 16 teams when Larry Whitty was given the job three years ago.

Ladbroke explained that the mew odds were due to Port Vale's loss of home advantage when she found herself talking when she wont to the dissolved when she went to the flusse of Commons to cover the first devolution debate for the flusse of Commons to cover the first devolution debate for the flusse of Commons to cover the first devolution debate for the flusse of Commons to cover the first devolution to the first devolution to bes

Crumpled leaves in Roseland

was in a fantasy world. "We source of employment in Lon-have about 1,300 vacancies don. Its rapid growth has advertised," says Mr Peter brought what IDS delicately Grant, the manager. calls "non-traditional recruit-with official unemployment ment practices which have Last year, shortly before Nat-

employers cannot recrult skills shortages, has led to a accurity guards for £3 an spiralling of pay rates in the hour, shop cleaners for £3.05 finance sector in London. In and cooks for £8,000 a year.

The Basingstoke & North Hampshire Gazette regularly Roseland.

carries 25 pages of job advertlsements and there are, according to Mr Grant, 50 or 60 employment agencies in the town. Ironically, these have difficulty themselves in finding local branch managers for five-figure salaries, plus bonus plus car. To its credit, the weekly

Gazette has been running a campaign on the north-south divide, focusing on the blighted Lancashire town of Skelmersdale. This prompted Basingstoke diatrict health authority to go there to recruit nurses. Yet the newspaper also exposes the main reason for the continuing and worsening regional imbalance: 35 pages of property sales, ranging from £51,000 for a "starter home" to "four-bed-room luxury from £133,000." Not much promise there for a nurse from Skelmersdale or a cook from Middlesbrough.

So it is that the labour market in Basingstoke, as in much of the rest of south and south-east England, has ceased to grow. Finding workers is increasingly difficult for employers anxious to expand but reluctant to do so elsewhere in the UK.

The region's improved road and rail networks have made it easier for workers to sell their skills to the highest-bid-ding employer, as illustrated by the nightly queue of cars

There is the rub for Mr Yit-zhak Shamir, Israel's Prime Roseland. The first part of Minister and Likud leader the word stands for the "Rest Yet the indications are that The US has been notably and almost as expensive for considerable care has gone reluctant in the past to take employers as the capital becoming just as competitive

At the start of that period, the 568,000 workers in banklng, insurance and finance accounted for 15.9 per cent of all employees in London. By the end, the 697,000 accounted for 20.1 per cent of the total. The City shakeout since the October 19 crash, while well publicised, has been numerically small and hardly affects the picture.

AN UNEMPLOYED British Finance has overtaken man-northerner, transported to the ufacturing and public sector Jobcentre in Basingstoke, services during the 1980s to Hampshire, would think he become the single biggest Delivery Service, the mail at about 3.5 per cent in this led to a breakdown in career boom town 50 miles patterns." For which read:

> The most important develincrease its pay weighting allowance for staff in central London to \$3,000 a year - a move promptly matched by

the other high street banks. NatWest's determination to do this broke up the banks' joint negotiating body and, to the dismay of many employ-ers, set a benchmark claim for other groups of workers. But it also ushered in the concept of a Roseland allowance, because NatWest introduced an associated payment of £750 a year for staff working in branches from Southamp-ton in Hampshire to Colchester in Essex. The other clear-ers were obliged to follow. Staff had become so footloose that some Roseland branches within easy travelling dis-

Although outside London, Roseland is becoming almost as expensive for employers

tence of the City had no cashiers with more than a vear a service. Mr John Bond, NatWest's

general manager for person-nel, may as a result not be popular with his peers, but he unrepentant. He says the banks had no choice but to act decisively in the face of worsening staff recruitment and retention problems and the imminent decline in the number of school-leavers. In fact, while NatWest's

influential in giving identity to Roseland, it was by no means the first to extend the London weighting concept beyond the capital. The former government Pay

Board recommended in 1974 that London allowances should be paid at two rates: an inner zone rate within a miles out, has created a new "natural" ring increasiogly adopted as a London payment

West's move, the Halifax Building Society Introduced a south west of London, poaching. This coupled with £750 annual allowance for skills shortages, has led to a selected outlying towns spiralling of pay rates in the including Basingstoke, Tunfinance sector in London. In bridge Wells in Kent and Stevturn, this has sucked in work-enage in Hertfordshire. The strategy of identifying

David Brindle reports on growing labour shortages outside London

locations to receive a premium, or extending an existopment in this respect was ing outer London allowance the move last summer by zone, has been preferred to National Westminster Bank to the banks' blanket Roseland approach by employers such as the Cornhill, Commercial Union and Provincial insur-ance companies and Argos catalogue showrooms.

While it has long been accepted practice that work-ers in London should be compensated for the additional costs of living in the capital, or commuting to it, it is much harder for the banks to justify paying a special allowance in Soutbampton, for example, but not in Poole; in Bedford but not in Cambridge; or, in the case of the Halifax Building Society, in Maidstone but not in Canterbury. For this reason, many

employers are resisting the pressure to pay a Roseland premium. Sun Life of Canada, the insurance company, moved its UK headquarters last May from central London to Basingstoke, where It employs 610 staff. Having set the costs of the move against the savings made by no longer paying London weighting, lt would be slightly awkward for the UK management to tell the Canadian board that it now wants to reintroduce an allowance

"It is a difficult situation and we are trying to avoid paying an allowance by keeping our basic pay competi-tive," the company says. "But the more companies that go with the banks, the worse it is

going to get.*
Sun Life says it is finding few recruitment problems at lower staff grades. Its chief difficulties are with specialists, where national shortages are exacerbated by the Roseland factor. As a result, the move may have been the most company conducts twiceyearly salary reviews for data processing (DP) grades and has recently, for the first time, called in a "headhunter" recruitment agency to fill a vacancy for an actuary: -

ingstoke, but in Cardiff and are getting very close to it," Newcastle upon Tyne, where says the commission. throughout Roseland would identify with this plight. There is already flexibility in local government white-collar pay rates, which enables Basingstoke and Deane Borough Council, for example, to advertise a typing supervisor vacancy at a salary of £7,833 to £9,873 plus a "local allow-ance" of £2,165. At nearby Wokingham, the

(under review) of £15,921 plus "relocation expenses" of ance, a mortgage subsidy, subsidised car leasing, free

saloon/estate.")

There a drawbacks to such just not prepared to sit here offers. IDS warns: "Employers and bleed to death."

who simply adopt the latest gimmick to recruit and retain

recruitment is easier.
While the AA bas just

increased its London weight-ing payments from \$1,785 to \$2,300 for an inner zone and from £875 to £1,250 beyond that (to the limit of the metropolitan police area), its only Roseland-style payment so far has been a special premium for breakdown patrol staff in Surprisingly, perhaps, the

tant. With or without trade union agreement, the Treasury plans to introduce a discretionary salary premium of £600 which would be paid to civil servants in any office A similar picture is with staffing problems. It reported by the Automobile admits that it expects the Association which, in the allowance to be used mainly early 1970s, moved its head-in the south-east, on top of

experienced senlor ana- are employed and where lyst/designer. This year, it there is growing difficulty in will need to take on about 100 competing with the blg primarialists particularly haveness that a state of the state of boundary.

Yet the clearing banks have for some years paid an allowance up to 22 miles out. Three big proportions and the clear of the right however, that expansion will calibre. "We have not reached be concentrated not in Bas-desperation stakes, but we

Popowich, who had been widely

Public sector employers

borough council has been advertising for a principal assistant solicitor at a salary. 4,500, a commuter allowlife and medical insurance

will find themselves bereft of a coherent plan for the future.

Industrial Relations Services, another research group, says the picture will worsen with demographic trends among school-leavera. "Increasingly, location allowances, it seems, merely treat the symptoms of more fundamental labour market prob-lems without tackling their underlying causes."

tion in aight for Mucon, a company which employed 55 people in Basingstoke, manufacturing specialist equipment for the powder process indus-try. By the end of March, the and its work transferred to sister factories in Macclesfour-mile radius of Charing quarters from central London London weighting where cross, and a lower, outer zone rate based on the former Greater London Council boundary. The building of the boundary. The building of the M25 motorway, roughly 16 cross, in the South-east, on top of the Schemes.

London weighting where applicable. Such inducements are field in Cheshire and St. Blabeour, applicable. This will be good news for managers at the Civil Service in Basings- to offer still higher incentives in maccing standard, forcing zey in Cornwall. This has the civil Service to offer still higher incentives inability to recruit, and keeping labour, to to first \$18,250 a year to an time south-east, on top of the standard field in Cheshire and St. Blabeour, and still more tempting perks. (Bromley, the outer London borough, brazenly advertises:
"Car leasing for £85 per month, eg Granada 2 litre EFI Ghia, Carlton 2 litre CDI way you can run a business saloon/estate.")

There is no like that In the end, I was a drawbacks to such the conduction of the

Worrall on his own

Denis Worrall, the man who resigned as South African Ambassador to Britain to be an independent candidate in his country's all-white general elec-tion last year, is back in London this week: perhaps more to lis-ten than to teach. Worrall has not much changed: he is as intelligent and

sharp as ever. Listening to him talk about the ins and outs of white South African opposition politics, however, is reminispolitics, however, is reminispolitically and the remarked of a home time. white South African opposition politics, however, is reminiscent of those discussions that used to go on in the upper echelons of the British Social Democratic and Liberal parties. There are too many leaders and too few troops. Moreover, the leaders do not always hit it off with each other

with each other. His broad thesis is that the His broad thesis is that the only way to achieve peaceful change is to win over some of the Afrikaners from the ruling National Party, but he will not do that by joining the National Party himself and seeking to reform it from within. At the same time, he wants his own independent movement to maintain links with, but not join, the other opposition groups such as the Progressive Federal Party. He also thinks that the political pendulum in South Africa is still moving to the right in

Party, which has become the official opposition.
So Worrall – brave man that he is – is staying independent. It sounds awfully like the story of Partid Ornal of David Owen.



tonight in the replay.

Manchester City bave also been given comparatively long odds of 66-1 in an attempt to atimulate betting against Liverpool whom they meet on March 13 and who are now the 11-8 favourites following their defeat of Everton defeat of Everton.

After tipping Middlesbrough,
Everton, Newcastle and

Everton, Newcastle and Bradford City, all now out of and the advantage of a home tie against Watford or Port Vale should see them to the next round.

Liddell's secret

■Helen Liddell, the outgoing secretary of the Scottish Labour Party, is planning to launch herself in a new career as a thriller writer, but the exact theme of her book is a secret shared only with her

agent.
She said: "It is certainly not romance. I'm not the romantic type," she confessed, saying the agent had advised her to be enigmatic. Liddell, 37, has decided that

still moving to the right in flavour of the Conservative enough. She came to the job from the BBC where she had official opposition.

In spite of her conviction that politics is her life, she has stood only once for Parliament when she fought East Fife in 1974 – dismissed now as a "Christlans to the lions exer-

ROVER

"Good morning - I'm conduct-ing a poll into the effects of the management's Morl

to a fellow Scot about football at a reception in Glasgow a while ago. She was about to ask the stranger if he played a bit himself when she she was tactfully steered away. The man was Kenny Dalglish, manager of Liverpool Football Club, in whose honour the function was being held.

being held.
Negotiations about the book are going ahead this week with a possible publication date in 1989. In the meantime, she is looking at four job offers, two of which she said are media-related. She is 50,000 words into the book with 100,000 to

tipped to succeed Pearce Bun-ting at the helm of the TSE, never passed his final exams at the LSE. He failed two attempts, then negotiated a third attempt but let it lapse. The passing of Popowich, a prominent Liberal who served as executive assistant to former revenue minister Roy MacLaren before joining the TSE in 1984, leaves a considerable vold in the exchange's management structure. As well as his main position as head of markets and position as nead of markets and market development, Popowich was the exchange's chief economist, its official representative on the International Federation of Stock Exchanges and was president of the Toronto Futures Exchange.

Bad planning

Ministers at the Department of Trade and Industry have been handing out some rough treatment to the regions. The replacement of automatic regional development grants by selective assistance seems certain to scale down the money they are able to secure from the Treasury. reasury.
To make matters worse the

map printed in the popular ver-aion of the White Paper - "DTI - the department for enter prise" - included so many glar-ing errors that it has had to be

Reading to Oxford and Coven-try to Worcester. Lord Young of Graffham, the Trade and Indus-Graffham, the Trade and Indus-try Secretary, has apologised for this rare lapse into inter-ventioniat ideology and acknowledged that "it would have been an incredible act of job creation if we had demol-ished and rebuilt eight cities in

Fish tale

■Lady In fishmongers: "I want a haddock please. Assistant: "A Assistant: Lady: "No, a fick 'un."

In the original version Car-diff had been relocated to Swansea, Poole to Weymouth,

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Vants who (Letters, 7)

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of every promise of every promise of every promise of every promise of every past 40 years tions. King dent Sada these. l doubt would have and inviberment to 200 intern than 100 P

Co From Mr Co Sir, Col Allen Syke that, in a electricity option wholehear US system trary and approache telecommunications.

From Mr Andrew C. on break Electricity (CEGB) describes i

Letters to the Editor

Allocation of public health care resources examined and compared

From Professor Geoffrey Wood.
Sir, Recently in your columns
- first by Michael Prowse (February 6) and subsequently in correspondence from readers - a most useful proposal for reform of the National Health Service has been misunder

From Mr Stephan Schattmann. Sir, Health ministers have

Sir, health ministers have decided that only a substantial increase in the private sector can raise health care resources to the level of, say, France or Germany. On February 12 Mr "Leon Brittan MP told listeners to Radio 4's Today programme that this country was spending "much the same" in the public sector as other countries, but

sector as other countries, but other countries were spending "vastly more" in the private sector. On the Ipm Nows on BBC-1 it was implied – against the headdron of some state.

the backdrop of soms attractive spa facilities in Bavaria - that

those enjoying them did so under "compulsory private insurance" arrangements. A few facts (all on the public

record) ought to be known if there is to be an informed. undogmatic public discussion.

It was recently announced that in the UK 5.7m people are

covered by private health insurance – just over 10 per cent of the population. In West Germany the number of persons

covered by the statutory health

insurance schemes grew between 1980 and 1983 by

Third world loans

should be studied

From Mr Frank Blackaby.

in residence - would have to be encouraged to answer questions. It would only be necessary to study the decision-mak-ing in a sample of these transactions. The cost of such a study would be infinitesimal compared to the losses sus

tained. Lessons might be learnt.

Sir, The antics of civil ser-vants who "list" buildings

(Letters, February 9) reaches its climax in Wales. Attempts to

Its climax in Wales. Attempts to get my thatched 16th century house listed have brought the regular response that they are far too busy to consider it. I can only suppose that tracking down old phone boxes and mistaken maypoles is their horizon of intellectual stimulation.

Frank Bisckaby, 9 Fentiman Road, SW8

Missed out

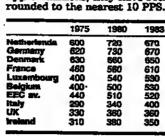
W.H. Bailey, Cliff House, Llancarfan,

from the list From Mr W.H. Bailey. across Britain, to where their operation was cheapest. This might occasionally happen. But the main result of introducing these markets would be that health regions would have to cost with reasonable accuracy their various procedures. This would have important benefits.

Resources could be used more efficiently. It should be stressed that this does not mean that only the cheapest treatment should be carried out — any more than the knowledge that nectarines cost more than oranges means that only between them in the costs of Barbican Centre, EC2

oranges are eaten. What it the same treatment, they would be able to find out why this was so, and eliminate at least to some of the factors which lead to some regions being expensively to some of the factors which lead to some regions being expensively to some of the factors which lead to some regions being expensively and the proposal would be not the undesirable transportation of the sick, and the proposal would be not the undesirable transportation of the sick, and the proposal would be not the undesirable transportation of the sick, and the proposal would be not the undesirable transportation of the score and the proposal would be not the undesirable transportation of the sick, and the proposal would be not the undesirable transportation of the sick, and the proposal would be not the undesirable transportation of the sick, and the proposal would be not the undesirable transportation of the sick, and the proposal would be not the undesirable transportation of the sick, and the proposal would be not the proposal would be not

almost 3 per cent, to 35.8m; a the UK at least since 1960. in further 20.5m had dependants' public sector health care they insurance. Thus about 56m people – 90 per cent of the resident try by 1965, and have been population – were protected by spending a larger share of their statutory health insurance (source: OECD). (One word of warning: these figures should be treated as approximations; they have been rounded to the nearest 10 PPS.)



One salient fact emerges: the data show that both in 1975 under Labour, and in 1983 under the Conservatives, the public health sector in almost all EC countries was using substantially more resources than in the UK.

Stephan Schattmann, 65c Wigmore Street, WI Some rags could be preferable to riches

From Mr T. Hoseason-Brown Sir, David Kynaston. writing about the formation of the FT (Weekend FT, February 6), surprised me. He referred to the FT, before it merged with the Financial News, as "a rag." Clearly he was not old enough to have read it at that time; he would have known that it was would have known that it was not in any sense "a rag," but a highly respected journal read by stockbrokers, bankers and captains of industry of the day. It was an incomparably better financial organ than the pres-ent paper. It had several pages of dealings; it gave a much more comprehensive coverage of the previous day's market, and it gave far more news of interest to investors.

The present FT is a more suc-

alcohol taxes would lead to an increase in alcohol consumption will rise.

Of mach greater concern to Clifton,
The implication is that this figure applies to the UK.

The drinks industry will wonder whence this increase will arise; that it should is a notion which flies in the face of all evidence to hand.

Consumption of alcohol has fallen steadily since its postwar peak some 10 years ago, and shows no signs of rising. On the contrary on the same of any six year of the contrary on the same of any six year of the contrary on the same of any six year of the contrary on the same of any six year of the contrary on the same of any six year of the contrary on the same of excise duty levied on published on February 12, I and four to one in the case of the Noriand Road, 6 Norian There is no possible logic to pressed. "Are you not surprised such a system. The only fair that I have a paper from 100 way to tax alcoholic drinks is years ago?" I asked. "No" she according to their alcohol content.

There is no possible logic to pressed. "Are you not surprised that I have a paper from 100 way to tax alcoholic drinks is years ago?" I asked. "No" she according to their alcohol content. E.A. Tucker,
The Scotch Whisky Association,
17 Half Moon Street, W1
Roger Browne,
1 Woodston Grove,
Solihull, West Midlands

an Arabs were then and still are being badly led engaged on a public relations mission — and the ships and their human cargoes which ran the gauntlet of the British navy in the immediate post-war years. To quote your distinguished contemporary (The Economist, February 13): "They carried the remnant of European Jewry who had escaped thiller's gas chambers and had nowhere else to go".

And that is the issue. That, surely, is particularly where the Western world and Arabs had been and ultimately integrated with leadership failed the Palestinlans. I would therefore make here what I believe is a more valid comparison than the one Edward Mortimer made.

At the end of the Second displaced if the leadership had accepted the UN decision to larly among the losers (the Palestinian Arabs were badly ied, create two states. But they mere displaced; and unlike the Salem, a prominent supporter of Hitler's, great population move-fieres failed to make any effort on accommodate and absorb instances — 5m displaced Sude-them. And, for political reasons, many still languish in the refugee camps.

Such action would have obviated much of the subsequent and continuing anguish.

The Palestinian Arabs were language the unity among the losers (the Palestinian of Jerustical Palestinian arabs were displaced; and unlike the cannot displaced if the leadership had accepted the UN decision to particion Palestine again and create two states. But they mere displaced; and unlike the salem, a prominent supporter of Edward such their subsplaced Sude-them. And, for political reasons, many still languish in the refugee camps.

Such action would have obviated much of the subsequent and continuing anguish.

Ansel Harris, Berystadastraeti 37, 101 Reykjavik, majority would not have been feeled.

Complex issues surround the proposed privatisation of electricity

From Mr George Yarrow.

Sir, Colin Robertson and Allen Sykos (Letters, February 16) appear to have come to the rather surprising conclusion that, in the privatisation of the content of my recent report, clectricity, there are no regulatory options other than either wholehearted adoption of the US system or the "targely arbitrary and grossly inadequate" approaches implemented in telecommunications and gas.

In fact many options are

knacker's yard.

availabls - some good, some bad. Flatly to deny their exis-tence does little to contribute to informed discussion. Lest there

Service has been misunderstood and consequently maligned. This is the proposal, associated particularly with Professor Alan Enthoven, that an "inter-nal market" be established in the NHS.

It has been suggested that this would lead to patients being transferred long distances

(source: Deutsche Bundesbank). In 1983 seven member countries of the EC provided hospital cover under public schemes for 100 per cent of the popula-tion: Denmark, France, Ireland, Italy, Luxembourg, Portugal and the UK. In Greece and Belgium 98 per cent were eligible; in West Germany 95 per cent; 88 per cent in the Netherlands; 87 per cent in Spain (course)

hospital bed (excluding psychiatric beds) in Great Britain against 101 in West Germany, 118 in Italy, 122 in France, and an estimated EC average of 130 (source: Eurostat).

As far as total health expenditure is concerned, France and Germany have been spending a larger proportion of their gross domestic product (GDP) than

The use of gross national product (GNP) figures is open to valid objections - for example, the problem of direct comparability of such data because of variations in price levels. To get over this difficulty, the concept of purchasing power stan-dards (PPS) has been devel-88 per cent in the Netherlands, oped. Some highly relevant figures prodoced by Eurostat, the EC's statistical office, exist. Yet they appear to be kept year of a Labour government) are evidently unknown to MPs there were 179 inhabitants per hospital bed (excluding parallel.)

These are the "European sys-tem of integrated social protec-tion statistics (ESSPROSS)." The latest collection of data of social protection expenditure and receipts in EC member states, barmonised in accordance with this system, covers the period 1975-1983.

From these data the table

I I ONLY DRINK TO FORGET HOW MUCH MONEY I'M POURING INTO THE TAXMAN'S COFFERS." (E)



From Mr E.A. Tucker.

Sir, Your leader on the Institute for Fiscal, Studies analysis of the effects of EC fiscal harmonisation. (February 17) apparently endorses the starbling view that reduction in alcohol taxes would lead to an increase in alcohol consumption of "as much as 40 per cent."

The present FT is a more successful paper as it has turned itself into a national – indeed one may say an international – economist's thinking to the matically covering such diverse ter. If a given amount is being subjects as sport, theatre, books and the like. This has excise duty slement, reduces, resulted in a great deal less spo facto expenditure on alcohol same in gross terms, and thus consumption of "as much as 40 per cent."

Of much greater concern to the present for a national – indeed one may say an international – economist's thinking to the matically covering such diverse excise duty slement, reduces, resulted in a great deal less spo facto expenditure on alcohol taxes would lead to an increase in alcohol consumption of "as much as 40 per cent."

Of much greater concern to the present for a national – indeed one may say an international – economist's thinking to the matical daily covering such diverse excise duty slement, reduces, resulted in a great deal less spo facto expenditure on alcohol and the tax/ books and the like. This has excise duty slement, reduces, resulted in a great deal less spo facto expenditure on alcohol and the tax/ books and the like. This has excise duty slement, reduces, resulted in a great deal less spo facto expenditure on alcohol and the tax/ books and the like. This has excise duty slement, reduces, resulted in a great deal less spo facto expenditure on alcohol and the tax/ books and the like. This has excise duty slement, reduces, resulted in a great deal less spo facto expenditure on alcohol and the tax/ books and the like. This has excise duty slement, reduces, resulted in a great deal less spo facto expenditure on alcohol and the tax/ books and the like. This has excise duty slemen

Consumption of alcohol has fallen steadily since its post-war peak some 10 years ago, and shows no signs of rising. On the contrary: on the same day as your report of the IFS analyais, another newspaper reported new market research — yet to be published in its entirety — which confirms the trend of the past decade. People have taken and are coutinuing to take more care over what and how much alcohol they consume.

Barry, South Clamorgan, Wales 'The Palestinian Arabs were then and still are being badly led'

From Mr Ansel Harris. Sir, Edward Mortimer (February 16) is not alone in mourning the assassination of Said Ham msmi in London in January 1978. But he suffered the fate of every prominent Arab leader who has endeavoured, over the past 40 years, to cut the Gordian knot of Arab/israel relations. King Abdullah and President Sadat are only two of

I doubt if Said Hammani would have made the tasteless and invalid comparison between the 300 journalists, 200 international observers of varying celebrity and more than 100 Palestinians" - clearly

ation - had in controlling the generating companies. 40 years on we have computing technology and (outside the CEGB) an understanding of system economies which should enable us to construct a system to construct structure a system to operate without the problems he

From Mr Alex Henney.

Sir, Perhaps unwittingly, Mr
Andrew Cooper has Introduced
a light moment into the debate
on breaking up the Ceutral
Electricity Generating Board
(CEGB) for privatisation
(Letters, February 18): he
describes it as "trying to sell a
thoroughbred horse one leg at a
time". I think of the CEGB as
more like a lumbering nag that
I wish to consign to the enconnered.

We should aim to have a mixture of the necessary carrots —
through correct pricing to
emsure that it is in the generators' profit interest to operate
in economic merit order — and wish to consign to the In comer describes the probin econ
items which the Central Electricity Board (CEB) – which built
the grid and dispatched the
generating sets until nationalisbe. the minimum of legal stick needed to ensure that they operate for the benefit of the system as a whole when needs

Second, in the search for improved efficiency, it would be unwise to place heavy relance upon competition among ston is integrated with local discribition.

Third, vertical integration and Mr Sykes disagree with all three lines of reasoning, but litting ownership and control of the national grid to the successors to the area boards.

The position in the gas industry, where high pressure transmission is integrated with local distribution.)

No doubt Professor Robinson and Mr Sykes disagree with all three lines of reasoning, but litting in possing ownership and control of the national grid to the successors to the area boards. cessors to the area boards) George Yarrow, would risk operational inefficiency without doing much to Oxford

essary to ensure the stability of the system.

Mr Cooper is wrong to claim

Mr Cooper is wrong to claim

Also: to achieve competition we need to break up the CEGB's generating stations being competitive. We can structure a computerised spot market

Which trades at the system might then have some competimarginal cost. Other things tive thoroughbred generators in being equal, the lower a genera-place of an overmanned undertor's marginal cost (that is, the more efficient it is), the more it runs and the more money it makes — which is what competition should be about.

discriminate in its favour. 2s It did under the 1983 Energy Act.

Also: to achieve competition we need to break up the CEGB's generation capacity.

Break up the CEGB and we might then have some competitive thoroughbred generators in place of an overmanned undertor's marginal cost (that is, the more it runs and the more money it makes — which is what competition should be about.

It is in no generator's interest Fundamental to competition for the system to collapse: it is a level playing field. To might damage his machines, achieve that end it is essential. The rules should be regarded to take the grid away from the like banking capital ratios neccelege, because otherwise it will discriminate in its favour. as it the system.

THE current best selling book in the US, and in Britain, is The Bonfire of the Vanities by Tom Wolfe. It is not about politics, which, in a narrow sense, is a pity because nobody else will now be able to use a title that so perfectly describes what a US presidential election is all about

To aspire to the presidency of the United States requires, above all, a certain vanity. Countless other qualities may be needed: mental and physical stamina, a pleasing persona, up until now being male, a talent for articulation maie, a talent for articulation and organisation, money in abundance, native cunning and ruthlessness, luck, even a coherent set of policies. But the bottom line is sheer vanity. Or, as the Oxford English Dictionary puts it, "high opinion of oneself; self conceit and desire for admiration."

office and some of which may be vouchsafed only at the end was about to leave office, Lyndon Johnson was asked what he would miss most. He pointed to the helicopter pad on the White House iawn. In his valedictory, Jimmy Carter spoke almost wistfully of the non-nuclear world he had qualifications that ought to ing on the radio thought hoped, but failed, to set the have made for better candidance world on course to reach. cles. But only one has truly Dwight Eisenhower chose to come clean. In 1974, Walter those watching on TV saw warn of the growing power of the military-industrial complex that he, as general and president, had helped create without much previous public shred of self-doubt. Some who did make It to the

White House clearly wanted it too much. Richard Nixon's overwhelming desire for admiration led him to connive in high crimes and misde-meanonrs; John Kennedy's self-conceits were, appareutly, more harmlessly devoted to the bedroom. Some aeem to have been largely unchanged by pursuit of and performance in the office. This is, perhaps, Ronald Rea-gan's most attractive quality, and it applied, in roughly equal measure, to both Eisen-hower and Truman, though both these two were deceptively hard men to begin with. Others wanted it desperothers wanted it desperately but still fell abort, none more painfully in contemporary politics than Hubert Humphrey. Even though it made no difference in the end, his undermining of George McGovern iate in the 1972 campaign for the Democratic







FOREIGN AFFAIRS

Looking for the right sort of vanity

In other words, a would-be in 1968. There seemed a time the nominations and for the president needs the job for when Edward Kennedy's real thing, is for candidates to presidant needs the job for when Edward Kennedy's very personal reasons, not all desire knew no bounda, of which can be achieved in though whether it was internally generated or reflected a visceral dislike for what he of a tenure. These motiva- saw as a parvenu southerner tions may differ. When he in Carter is a matter for

> Others have lacked the necessary final dimension. Men like Henry Jackson, Edmund Muskie, Howard Baker and even Nelsou Rockefeller, none perfect but all possessed of qualifications that ought to

real thing, is for candidates to convince the electorate that there is substance to their ambition. In the trade this is known as "perception poll-ing", the technique now so aophisticated that even the flick of an eyebrow or an inflection in the voice can, it ls said, convey volumes of This is not quite as absurd,

or as new fangled, as it sounds. In 1960, those listen-

Jurek Martin considers what qualities a successful US presidential candidate must have

Moudale, then a solid favour-ite for the Democratic nomi-many professional political nation and, post-Watergate, observers thought Carter had the White House, said he "beaten" Reagan in debate on could not stand the prospect narrow points of politics and of two years hanging up his fact, but the public's percepsocks to dry in Holiday Inns tion was that Reagan had around the country and won, and heavily, simply dropped out. It made no difference. Ten years later he sonable sort of chap. was at it again

There are those this year ho apparently think that Mr Moudale had more of a point in 1974 than in 1984. It is just possible that Democrats Bill Bradley, Mario Cuomo and eveu Sam Nunn are hoping for a brokered convention; it is more likely they have concluded that the next presidency, saddled, as it will be, with manifold problems, is a president of the problems, is a president of the problems, is a president of the problems of the problems. Bradley, Mario Cuomo and poisoned chalice.

observers thought Carter had

Less well known, but, to me, equally instructive was the 1978 New Jersey Senate race between Bill Bradley, his basketball career with the New York Knicks just finished, and Jeffrey Bell, a prominent con-

nomination was testament to dozen from the two parties tance followed both for weeks test pilots and astronauts, of the campaign and, when it was called "The Right Stuff", understandable by the narrowness of his loss to Nixon lection campaign, both for with hundreds of pictures of name.

each man on a split screer The contrast was remarkable; the body language of Bradley, the athlete, was of a natural, physical warmth towards his audiences, while Bell, undoubtedly unconsciously, seemed to repel them. Bradley won the election comfortably.

The man who wants the presidency most this year, but who has the biggest "perception" problem, must be George Bush. in New Hampshire he donned the mantles of everydonned the mantles of everyone from Abraham Lincoln to
the Great American Truck
Driver, but he won because of
the enduring popularity in the
atate of President Reagan and
because he implied Robert
Dole would raise taxes. Mr
Bush is still looking for that
memorable moment that memorable moment that might enable people to under-stand him better. But this cannot be forced, like his staged "confrontation" with Dan Rather, the TV anchor-man, but must come naturally, as it did from Mr Rea-gan in 1980 in New Hampshire with his immortal "I paid for this microphone, Mr Brean" outburst.

Curiously, Mr Dole's perceived nastiness, demonstrated again last week, just as it was in his vice presiden-tial run in 1976, might do him less harm in the long run because it seems genuine. Anyway, America likes plain speaking in the manner of Harry Truman Alexander Haig was blunt enough but disentangling his syntax was

too much to ask. Equally, the 'faith' of Pat Robertson and Jesse Jackson, and, ideologically, of Jack Kemp and Paul Simon has the appeal of authenticity, even if the constituencies for their beliefs are probably too small in electoral terms. The suspicion is that Richard Gephardt's currency is forged, though cleverly. The cautious Michael Dukakis has only chosen to reveal so far his technocratic credentials. These alone will not be enough Even Jimmy Carter, once just another successful governor, had to reveal that he lusted in his heart after women every now and then.

Of course, it is not just American politicians who have vanity in abundance. Mrs Thatcher is not exactly devoid of the substance, while, across the Channel, Messrs Mitterrand and Chirac, are, in very different manifestations, giving it full rein. If Tom Wolfe would only write about politics, we need look no further for guidance. Nevertheless, a baker's A photographer acquain- After all, his earlier book on

Our investment philosophy as explained by Van Gogh's brother, Theo.

Van Gogh, throughout his short tortured life, was virtually ignored by the "best" critics of the day. One of the few men who recognised his strange genius was Theo, an art dealer who constantly fought for his brother's cause. (Theo, incidentally showed astonishing foresight when he selected "Irises" as one of the two paintings to be shown at a major exhibition).

Recently, Van Gogh's "Irises" was sold for a record £30,000,000, while "Sunflowers" fetched a mere £22,000,000. This story vividly illustrates our philosophy, which can best be

described as "the principle of undiscovered value". Framlington Pensions Management devotes its energies to

identifying those overlooked and undervalued companies that we believe will show the greatest growth in earnings per share, market rating and therefore price. To us, underlying fundamental strengths are far more

persuasive than recent price. Long term potential is more attractive than the vagaries of

current performance.

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or Richard Lanyon on (01) 374 2931, or write to Royal London House, 22-25 Finsbury Square, London EC2A 1DS, and ask for a brochure.



FRAMLINGTON

Pensions Management Limited

Tuesday February 23 1988



C&W, Hutchison in joint deal with China

communications group, plans to move into the satellite television business through a joint venture with Hutchison Whampoa, the Hong Kong-based conglomerate, and a banking divi-sion of the Chinese Government.

The joint venture, due to be snnounced soon, intends to launch a satellite from Chins to provide satellite television services to viewers in mainland China and other Asian coun-

The partners are likely to spend more than \$150m on the project, which is believed to be

CABLE and Wireless, the UK the first time foreign companies television services in China The scheme will take about 18 months to come to fruition.

The three partners - C&W. Hutchison and the Peking-backed China International

Trust and Investment Corporation - will have an equal stake. The first task will be to buy and repair a second-hand satellite which has been rescued from space by the Lloyd's of London insurance market.

The satellite, whose initial cost will probably amount to little more than \$1m, will be repaired in the US by the

more representative of this

Under the new guidelines, the

BUCHAREST e

BULGARIA

GREECE

Hughes Corporation and is planned to be launched from a Chinese-manufactured Long March rocket. China has taken advantage of setbacks in the West's satellite programme to promote the use of its satellite launching capabilities for civil-

ian purposes.

While firm agreements have yet to be finalised the partners plan to broadcast programmes for the Chinese television authorities throughout mainland China and hope to arrange deals with Thailand, Malaysia In other fields, C&W and Hutchison, controlled by Li

Kashing, are fierce adversaries. Hutchison, together with British Telecom, is competing against Hong Kong Telephone, 80 per cent owned by C&W, to provide cable television services in Hong Kong, a contract which is likely to be swarded by the autumn.

However, some analysts have been predicting that Hutchison and C&W were likely to move closer together because C&W could draw on Hutchison's contacts in developing its business in China, while Hutchison could benefit from C&W's experience in building np its telecommuni-

cations operations.
Hutchison's telecommunications subsidiary, a relatively recent development, now provides cellular telephone services in Hong Kong, has a sub-stantial radio-paging business and is developing a mobile data

Metters have been further complicated by Li's recent acquisition of a 4.9 per cent stake in C&W for about HK\$3bn (\$384.6m). Li insisted that the stake was no more than e long-term investment.

citizens to visit China - after 40 years during which such visits could have provoked charges of sedition - has meant

that tens of thousands of resi-dents have been able to verify

first-hand the differences in

living conditions on the two sides of the Taiwan Straits. Many, in fact, have returned from China extremely disillu-sioned with the situation there.

This can only bolster the Gov-ernment's image among its con-

Taiwan has also given the tacit nod to indirect trade links with "the other side," and its explicit approval to direct trade connections with nations in the

Eastern European bloc. This can only mean that Taipei is prepared to take a more reasonable stance toward its neighbours – communist or not.

The Government has also because discussions and the communist or not.

begun discussions on ways in which it might re-enter interna-

tional organisations such as Gatt and the Asian Develop-

ment Bank. Now, it seems, Taipei is more interested in par-

ticlpation in these organisations

ticipation in these organisations than in whether it will be known as "the Republic of China" or simply as Taiwan.

Peking, in turn, seems to understand little about the process through which Taiwan is passing. The Chinese Government has for years found it convenient to think of Taiwan's ruling party in terms of the.

THE LEX COLUMN

Lonrho

1000

Share price relative to

FT-A All-Share Index

Not just money at stake

There is a certain piquancy about the fact that the big Lon-don clearing banks can lose bil-lions of dollars in lending to near-bankrupt Third World countries without anyone being reprimanded, and that board-room panic seems to set in when their fledgling investment banking and securities operations run into their first operations run into their first rough patch. It is clear from yesterday's abrupt resignations of the two top officials at Nat-West investment Bank that when the bank's reputation, as opposed to its loan portfolio, is at risk, drastic action is called

The recent recent spate of emberrassing publicity and last December's emergency capital injection into County Natwest, the group's investment bank, has taken a heavy toll on the the group's investment bank, lems of integrating the two has taken a heavy toll on the large US acquisitions may parent's reputation as one of explain why the company is the best managed international currently making almost no banks. While the investment money, yet the real cause is banking operations of other his the best managed international currently making almost no banks. While the investment money, yet the real cause is banking operations of other big more fundamental. A diverse commercial banks ranging from company with a £100m plus Citicorp to Barclays have had turnover is not best run by one their difficulties in the after-individual based in San Diego, math of the crash, National at the opposite end of the conti-Westminster's problems have nent from its manufacturing looked far more deep-seated. base. When the strategy is to The recent events have raised buy cheap sound companies serious questions nbont the that need attention, the manaserious questions about the that need attention, the mana-group's ability to manage such gerial vacuum is all the more a wide portfolio of securities alarming.

businesses, and the stop-gap

appointment of a cleariog from here, yet the market is banker to run NatWest's invest-saying that it has no faith left ment bank is unlikely to calm and needs facts. The same may be true of notential bidders

Cambridge

Instrument

Instrument

Tempting as it might be for a company to feed investors with its hopes and withhold its out today, offers investors their fears, the strategy is so sure to once-yearly glimpse of the fail eventually that it is odd to activities of the oddest comsee Cambridge Instrument using pany to grace the FT-SE100 it. While belated profit warmindex. Despite (or maybe ings are to be expected from because of) the sniping at last ill-researched gamma stocks, it year's report from the brothers is unfortunste when large main Al-Fayed, the presentation is market flotations endorsed by unchanged; the same bulky for-Kleinwort Grieveson resort to mat, the same light touch with crisis communications.

Maybe the company did not all the same concentration on know the scale of its problems assets. three months ago when it Fifty-five pages – four more allowed its brokers to overthan last year – are given to forecast profits by some 60 per colour pictures of hotels, plancent. But in that case the fail in tations, gold bars and whisky the value of the company from bottles, with the usual light \$130m less than a year ago to garnish of descriptive text. It is under \$40m yesterday seems possible to sympathise with no less deserved. While Dr this way of presenting a comgooding may complain about pany of Lombo's huge complexthe short-term focus of the ity, but there is a snag. Half the City, shareholders can barely group's stated profits come be expected to take a long term from Africa, but there is the view of prospects if they are usual difficulty in determining not told the details of what has how much of the cash flow

not told the details of what has how much of the cash flow gone wrong, nor what the com-from those assets can be repa-pany intends to do about it. triated; and as to break-up The postponement of semi-value, it is precisely in Africa

conductor equipment sales, the that Lonrho's experience as an fall in the dollar, and the prob-asset manager would be hardest

to replace.
By comparison with the wild swings of the 60s and early '70s, the shares these days are positively sedate. They may have underperformed the market by nearly 20 per cent in the crash, but at 253p they have now recovered all of that in price-relative terms. The economic outlook, though, makes the group as tricky to value as ever. The outlook for both hard ever. The outlook for both hard and soft commodities is probably not inspiring, but the prospects for international luxury hotels and Rolls-Royce dealerships looks anybody's guess. But as always, the Lourhofaithful will have income to keep them happy; and the next big event in their calendar, the AGM in March, will have the added spice of a vote on buying added spice of a vote on buying back up to 14.9 per cent of the

Vickers

If the market needed any more proof that its concern over the so-called wealth effect of the October crash had become a bit of an obsession in some cases, it need look only to Vickers to provide it. All those truisms about the pervasiveness of share ownership in the US did not prevent the average American from spending well beyond his means at Christmas, nor deter his more up-market compatriot from boosting US and needs facts. The same may be true of potential bldders, who if they were prepared to bny blind, might end np with a rare bargain. unit sales of Vickers' Rolls-Royce Motors division by

S per cent for the year.
Yupples do not buy Rolls-Royces, and it is surprising that the market ever thought they did. Nonetheless, worries about Vickers' exposure both to the discretionary spending of Americans and to the dollar combined to slam Vickers' share price after the crash, So yesterday's news of volume growth, together with a 26 per cent increase in Rolls-Royce profits, was greeted with a sigh of relief in the form of a 6 per cent rise in the share price to

166p.
If anything at Vickers suffered from the crash, apart from the share price, it was the medical and scientific equipment division; but the doctors and hospitals are buying again and Vickers could well use the \$50m or so it may get from selling its troubled business: furniture division for an acquisition or two in this area. The acquisitions record of Vickers' chairman, Sir David Plastow, is not unblemished he only got into the furniture business three years ago, and already he is bailing out. But with growth in carnings per share at distinctly uninspiring levels, an inspired acquisition looks like what is called for.

President Lee Teng-hui has nonplussed Peking with the speed of his reforms, reports Bob King in Taipei Taiwan on course to 'make up' with China

IN THE FEW weeks since the desth of President Chiang Ching-kuo, the pace of Taiwan's political reform bas quickened considerably. And while no one seems to know where the courtry is heared in where the country is headed in terms of its relationship with China, most agree that detente, rather than confrontation, will mark that relationship in the

President Lee Teng-hui, Mr Chiang's successor, has moved quickly to consolidate his posi-tion. In the process he bas con-firmed that the reforms begun under the late president will

continue at speed.
Mr Lee has, of course, received considerable support, from the more progressive, younger members of the ruling, Nationalist Party. In fact, agitation by these younger partisans propelled Mr Lee into the chairmanship of the party at the endi of last month, despite the objec-tions of the hardline clique, who had tried to defer the Issue of the party chairmanship until they had had time to gather support for one of their own.
The Government also moved

quickly to complete major reforms begun under Mr Chiang, but not finalised before his death. In just three weeks, for Instance, the party announced guidelines under, which ageing members of who argue that the makeup of national bodies – parliament, the "national" bodies should be the national assembly, which more meets every six years to elect island.

the president, and the control yuan, a government watchdog agency — would be retired and replaced with new representatives elected from Taiwan.

Elderly representatives elected more than four decades ago in mainland China still dominate these national bodies. This is because the Government says they cannot be replaced until free elections can be held in their constituencies in China. But their continued preseoce has for years been a source of irritation for many of Taiwan's land the provincial governor to the provincial assembly for



PRESIDENT Lee Teng-hui said yesterday Taiwan may soon further ease its stance over visits to China by Taiwanese and allow direct trade and investment there after a policy review is

trade and investment there after a policy review is undertaken in three months, Bob King reports.

Mr Lee's comments came at his first press conference, one of only a few held by Taiwanese presidents in the past 40 years. He hinted at detente with Chinn rather than the confrontation of the past 40 years and repeated Taiwan's policy of no official contacts, negotiations. or comproicy of no official contacts, negotiations, or compromise. But he hoped Peking might help to lessen tensions with its own reforms. Mr Lee, who became president after Mr Chinng Ching-kuo's denth last month, confirmed the Government.

ernment was considering ways to rejoin international organisations such as the Asian Development Bank and the IMF if a formula could be found to safegnard "national interests" while participating alongside delegations from China.

Kaohslung should be opened to direct elections. Previously, appointments to these three posts were at the discretion of the central government.

Such moves would, to Westsern eyes, seem matter-of-course, in the light of the West's long tradition of democratic government. But in a Chinese society, with an equally long history of autocratic rule, the new magazines are nothing and how Taiwan will tackle the convenient to think of Taiwan's ruling party in terms of the mismanagement and corruption in a world that increasingly mismanagement and corruption liverage and 1940s, rather than and 1940s, rather than and 1940s, rather than begun to evolve into today. It was nonplussed by the recent reforms and by the speed and simplicity with which Mr Lee assumed first the reins of government and later, leadership of the party. nomic achievements. Taipei has in recent months made signifi-

approval and Yu Kuo-Hwa, the Prime Minister, has said that the mayorships of Taipel and The major question that lingers, of course, is what China will make of Taiwan's reforms Kaohslung should be opened to direct elections. Previously, appointments to these three posts were at the discretion of

the new measures are nothing in recent months made signifishort of revolutionary. And for
Talwan, which was under martoward China, without, the
tial law from 1949 until last
July the changes are impressive
back down from its claim to
gether different entity from the
legitimacy.

and how Taiwan will tackle the sticky problem of cohabitation in a world that increasingly recognises Peking, rather than Taipel, as the legitimate ruler of China.

Both Taiwei and Baldag slain.

legitimacy.

one it thought it was dealing with all these years.

kan countries gather in Bel-grade today for the highest-level meeting the peninsula has seen since the second world

The six participants are Yugoslavia, Greece, Turkey, Bulgaria, Romania, and most unusually, Albania. In recent weeks, a series of events has improved the atmo-sphere ahead of the talks. They include last month's Greek-Tur-

and Albania.

Turkey accuses Bulgaria of long-delayed signing of a cul- having mounted a violent cam-

It is clear that at some not-too-distant point, China will have to revise its Taiwan policy

gether different entity from the

Since 1984, Greece and Albania have gradually been improving their relations. Last year, Greece lifted the technical

Balkan ministers in high-level talks

FOREIGN ministers of six Bal-

war.

According to Yugoslav officisls, who have organised the
talks, the purpose is to create a
better climate in multilateral Balkan relations in the hope that this will help resolve bilateral disputes, many of them to do with ethnic minorities.

key summit in Switzerland, the

tural co-operation agreement betweeo Yugoslavia and Albania, and the exchange of ambassadors between Bulgaria

Our Foreign Staff adds: Although the Balkans are no longer called the "powderkeg of Europe," relations within the peninsula are complicated by a web of smouldering historic dis-putes.

Greece and Turkey are divided over air, sea and sea-bed rights in the Aegean as well as the Cyprus issue. Their relations appeared to Improve dra-matically last month when the two countries' Prime Ministers held their first ever talks, but no specific progress has been made. paign to force its Moslem citizens to change their Turkish names and renounce Turkish

The Yugoslav Republic of Macedonia periodically infuriates Athens by asserting that there is a Macedonian 8lav minority in northern Greece whose rights are not respected. Greece strongly denies the existence of such a minority.

Albania's relations with

Yugoslavia are perenially com-plicated by tension between ethnic Albanians and Slavs in the Yugoslav province of Kosovo.

state of war that had existed with Albania since the 1940s.

assiliou set to endorse hard line on Cyprus

BY ANDRIANA IERODIACONOU IN NICOSIA

World Weather

BELGRADEC

YUGOSLAVIA

ALBANIA

the vote despite being a new-

In a first gesture of concilia- coup backed by Athens.

MR GEORGE Vassiliou, the newly-elected President of Cyprus, gave signs yesterday that he will continue his predecessor's hard-line policy on s settlement for the divided island republic.

Mr Vassiliou, a businessman who stood as a Communistbacked independent, was elected for a five-year term as President in a run-off poll on Sunday with 51.63 per cent of the vote despite being a new-to the policical stage.

Mr Glafkos Clerides, the told the Turkish Cypriot minor-lity community that they were considered "eqoal citizens" of the republic and called on them to work with the Greek Cypriots toward a settlement. The island has been divided, and the Greek and Turkish the second round by many Kyp-Gypriot communitles segregated, since 1974 when Turkey invaded and occupied the northern 37 per cent of Cyprus after a short-lived military community that they were considered "eqoal citizens" of the republic and called on them to work with the Greek Cypriots toward a settlement. The island has been divided, and the Greek and Turkish cypriot communities segregated, since 1974 when Turkey invaded and occupied the northern 37 per cent of Cyprus after a short-lived military community that they were considered "eqoal citizens" of the republic and called on them to work with the Greek Cypriots toward a settlement. The island has been divided, and the Greek and Turkish cypriot community that they were considered "eqoal citizens" of the republic and called on them to work with the Greek Cypriots toward a settlement. The island has been divided, and the Greek and Turkish cypriot communities and the Greek and Turkish cypriot communities are equally hardiine socialist party.

TURKEY

repeated that an acceptable set-tlement had to ensure the complete withdrawal of Turkish troops and settlers from the island; the return to their homes of all Greek Cypriots made refugees in 1974; and the full freedom to move, settle and plete withdrawai of Turkish own property

However, Mr Vassiliou also

These points, together with a requirement of strong international guarantees, constituted the backbone of Mr Kyprianou's the Greek Cypriots toward a settlement platform but were compromise.

considered unacceptable by the Turkish Cypriots. His position made Mr Kypri-anou the bete noire of the UN and governments in London and Washington, which have been working to bring about e settle-ment. His departure was met with relief behind the scenes, and, coupled with Mr Vassi-

Headway in Moscow Continued from Page 1

"extremely important to make an early start" on the details of verification since this would be harder to achieve for strategic

arms than for the treaty elimi-On space defences and the US Star Wars progrsmme, the other major stumbling block to a strategic arms treaty, Mr Shultz said that "some misun-

"We do not have all our prob-lems solved, but we did make some headway," he said.

expect that Moscow would adhere to its timetable of withdrawing its troops within 10 months of a peace agreement.

But other cruciai aspects of nating intermediate nuclear the withdrawal, including the forces, signed at the Washing- phasing of the pull-out and the establishment of an interim coalition government, would have to await the resumption of UN-sponsored peace talks

Mr Shultz said it would be "desirable" for an interim government to be established before the Soviet withdrawal to ensure that the 3m Afghan refugees in Pakistan could return On Afghanistan, Mr Shultz home without fear of renewed said he had every reason to factional violence.

L.F. Rothschild taken over

Continued from Page 1 responsible for establishing it as a world leader in the highly specialised field of underwriting of high technology issues,

were ousted. Yesterday's financial state ment showed that the fourth quarter loss of \$128.8m had reduced the company's net worth to \$48m by the year-end, compared with \$177m in September, 1987.

It was disclosed last week that Rothschild was threatened with default on some of its Swiss franc loan covenants net worth of at least \$125m.

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SECTION II – COMPANIES AND MARKETS FINANCIAL TIMES

Tel: 0635 71969. TRACTOR-TRAILER SYSTEMS RO-RO FLATS CONTAINERS SERVING SHIPS, PORTS, INDUSTRY

Tuesday February 23 1988

Les Echos publication halted over bid delay

BY PAUL BETTS IN PARIS AND RAYMOND SNODDY IN LONDON

PUBLICATION OF Les Echos, the French financial daily test at the French Govern-ment's decision to delay a rul-ing on an \$88m (\$149.6m) cash and shares offer for the newspaper by Pearson, the UK information and industrial group

the problem of the newspaper by Pearson, the UK information and industrial group

chairman, said he would be mation and industrial group which publishes the Financial

The bid was first announced last month.

Last night the issue was developing into a major political confrontation as Mrs Jac gueline Beytout, the controlling owner of Les Echos, sharply criticised the government decision. She accused Mr Edouard participals of the delay approval of the Pearson merger with Les Echos. His ruling appears to conflict with the provision in articles 52-58 of the Treaty of Rome. Pearson is an EC company, where the provision is an EC company. More than 70 per cent of Pearsons, She accused Mr Edouard participals. owner of Les Echos, sharply criticised the government deci-sion. She accused Mr Edouard Balladur, the Finance Minister, of "hiding behind legal arguments to try to justify a purely political decision." Her statement, attacking the

Government in such terms, was seen as unprecedented. Journalists at Les Echos be pursued," he said. issued a statement backing the decision not to publish.

BY DAVID BARCHARD IN LONDON

son while refusing to make his decision official before the

seeking legal advice.
"I regret Mr Balladur's decision to delay approval of the

nationals."
Lord Blakenham welcomed Mrs Beytout's determination of to pursue the matter and the confidence expressed in the Pearson management by the

paper's journalists.
The offer for Les Echos will

cialist corporate financial buyouts, advice company.

Mr Magan, aged 42, was regarded as one of the main stars at Morgan Grenfell. Although his departure, announced yesterday, has taken place in a friendly atmosphere it represents a serious blow for the bank, which lost its other corporate finance star, Mr Roger Seelig, after the Guinness affair in January last Mr Irby is a former director of the insurance in transactions it mitiates.

London, alongside J.O.Hambro and Co and is expected to work closely with it. It will concentrate on development of the main strong and Mr James Hambro, who broad Mr James Hambro, who broke away from Hambros and acquisitions it will handle flotations and capital raising in the public and private markets and will be able to take stakes brokers Sedgwick Group and in transactions it initiates.

ness affair in January last the Sedgwick Group.

Mr Magan's departure seems to have been motivated primarily by the desire to move away existing lines of activity: direct

from the increasingly sedate investment and turnaround

world of integrated securities operations, corporate communi-

houses and to recreate the more cations, and private client port-adventurous traditional role of folio management.

No details of the ownership

PUBLICATION OF Les Echos, the French financial daily newspaper, was halted last night by its management in protest at the French Governtest at the French Governtest at the French Governtest at the Second S have to be approved by the French treasury. Acquisitions of French com-

panles by European Community groups are normally automatic. However, the Ministry expressed reservations about the "durable" Community character of Pearson acter of Pearson.

Officials said the Government was concerned over the 20.5 per cent stake in Pearson which ia held by Mr Rupert Murdoch, the Australian-born media mag-nate, and the risk of a possible takeover of the UK group. The French press laws of

Angust 1986 prevent any for-eign group which is not an EC member from acquiring directly or indirectly a stake of more than 20 per cent in a French press group.

be pursued, he said.

In a statement yesterday the Pinance Ministry indicated that Pearson said more than 70 per cent of its stock was held by EC shareholders. Morgan Grenfell star resigns

Morgan Grenfell has been

given a commitment by Mr Magan that he will not take any

members of its corporate finance department with him to

the new firm.

However, his resignation was being compared yesterday with other departures of high fliers from securities houses to set up

MR GEORGE MAGAN, head of corporate finance at Morgan and will specialist corporate financial to corporate finance at Morgan and will special to corporate finance at Morgan and will special to corporate finance at Morgan and will special to corporate financial to corporate fi

"The company has a sound balance sheet, a good business and excellent

marking down their profits forecasts to \$3m-\$3.5m for the year to March, against \$7.7m last year and earlier estimates of \$10.8m for the

When the company floated, it was mable to aplit out semiconductor profits but analysts esti-mate that the business will lose \$2m this year.

Cambridge likely to post sharp profits fall

By Philip Coggan In London

CAMBRIDGE Instrument, the UK scientific equipment company which was sold to the private sector hy the National Enterprise Board in 1979, is likely to report more than halved pre-tax profits this year following problems in its semiconductor husiness and its US

operations. Yesterday's statement Yesterday's statement
was the latest in a series of
disappninting announcements by Cambridge.

The company rejoined the
stock market last April
after an absence of nearly

20 years. Its shares dipped to 32p

yesterday, hefure recover-ing to 40p, well behind the original 130p issue price. The company is now capi-talised at just \$39m (\$66.3m), compared with \$127m when it joined the market. Dr Terry Gooding, the

Welsh nuclear physicist whn was behind the consortium who bought the com-pany from the NEB and is executive chairman, said yesterday that there was "no justification" for the share price to be at its current levels.

long-term prospects."

Hnwever, analysts were current year. Cambridge said yesterday

that delays in semiconduc-tor urders would affect profits and could mean that the full year figure would be little higher than the interim \$2.77m.

operations.

James Buchan looks at the background to a US consumer products group's decline

Allegheny's final downhill slide

Allegheny International, the once- proud Pittsburgh consumer products maker, received an offer of \$500m or \$24.60 a common share from First Boston to take the com-

pany private.

Holders of the company's preferred stock, including Drexel Burnham Lambert and Spear, Leeds & Kellogg, the big stock-exchange market maker, said the offer was not good enough and scotched it. "They can't be too happy today," said Ms Katherine Stults, an analyst at the rival brokerage of Dean Witter

Since then, Allegheny has suffered a record loss of \$285m in just nine months and seen its stock fall to little

On Saturday, the company said it would seek a bank-ruptcy reorganisation which could severely dilute the holdings of its common and

over executive perks drove out Mr Robert Buckley, the company's chairman, in 1986. But the real problem of the company, which started life as Allegheny Ludium Steel in 1929, was the hornet's mare's

preferred shareholders as new shares are issued in place of debt.

Saturday's filing under Chapter II of the Federal Bankruptcy Code is the last step in the company's down-hill progress since a scandal

nest of debt taken on in 1981 to finance the \$543m purchase of Sunbeam, the household appliances maker.

Mr Oliver Travers, Mr Buckley's successor as chairman, won the admiration of his industry with his efforts to keep the company out of the hands of its creditors.

He sold off most of the com-pany's industrial divisions. even its famous Wilkin son Sword business, to cut

company round Sunbeam, which is profitable. Sales fell from more than \$2bn a year to just \$650m in the nine months to Septem-

Debt came down to just \$221m and the company was struggling to renegotiate the terms of its loans with 26 banks led by Mellon of Pittsburgh. But it was no good. At the

start of this month, Allegh-eny said it desperately needed \$75m in working capital to carry it over a seasonal crunch in one of Sunbcam's businesses. Almet/Lawnlite. which makes garden furni-

The company has to ship the furniture to dealers but receives no payment until the summer.

However, the Chapter 11 filing probably does not spell disaster for Allegheny. Although the group as a whole has a deficit of tangithe debt load and to focus the

Allegheny has filed separate plans of reorganisation for Sunbeam and Almet/Lawn-lite, which it believes enjoy net worth of a some \$400m. "Sunbeam is very healthy," Mr Travers said. Both compa-

> creditors in full. The Chapter 11 filing has also opened the way for a new loan of \$175m for Sunbeam from Chemical Bank and Marine Midland, who now become the preferred lenders in the event of liquidation.

nies intended to repay their

The new funds will cover the working capital shortfall and provide a \$100m safety

The main thing that has changed this week over last week is that they have \$175m more, said Ms Stults. Their situation is better, probably a lot better than last

South America sales increase helps Firestone

By Our Financial Staff

FIRESTONE TIRE & Rubber, the US tyre and plastic products group which is putting its tyre operation into a joint ven-ture with Bridgestone of Japan, yesterday reported first-quar-ter earnings from continuing operations of \$28m or 87 cents a share, compared with \$20m

or 52 cents a year ago. The Chicago-based company said its first-quarter earnings were helped by improved mar-gins and higher sales in its outh American operations. In addition, after-tax foreign currency gains of \$6m were \$5m above those for the year-

ago quarter.

However, increased costs of raw materials led to lower profits from North American

Sales for the latest quarter, which ended January 31, were \$976m, up from \$846m a year

Westinghouse expands

WESTINGHOUSE ELECTRIC of Frankfurt and Bretten, in West the US, and AEG, the West Ger-man electrical group owned by Daimler Benz, yesterday con-firmed their agreement to combine their transport businesses the two companies' transport

in a joint venture.

AEG will take 60 per cent and Westinghouse 40 per cent of the company, to be called AEG-westinghouse Transport systems. It will be based in with annual sales of about \$100 and \$250 amployees between the company to th

Foodmaker to buy Chi-Chi's BY OUR FINANCIAL STAFF

FOODMAKER, which runs Jack Puring In 1985 and taken public in the Box fast food restau- in February 1987, said the rants, mainly in the western acquisition would be financed rants, mainly in the western and south-western US, has agreed to acquire Chi-Chi's, a 200-store Mexican food restau-rant chain based in Louisville, Centucky, for about \$230m, or

Foodmaker, acquired by an Chi's would be investors' group from Ralston the acquisition.

\$100m and 850 employees, has The venture will combine been seeking a joint venture for AEG's facilities in West Berlin, some time.

Germany, and Los Angeles, with Westinghouse's operation

in West Mifflin in the US. But

the joint venture will maintain

activitles under the existing management and employee

initially through short-term borrowings from a group of banks led by Wells Fargo Bank. The company, based in San Diego, California, said it believed cash flow from Chi-Chi's would be enough to fund

GM sells 51% holding in Venezuela unit

By Joseph Mann in Caracas

GENERAL MOTORS, the US car group, has agreed to sell 51 per cent of its motor vehicle assem-bly operations in Venezueia to iocal investors for an estimated \$13.8m (200m bolivars).

The buyer is the Mcndoza Group, a diversified group of companies with investments in automobile assembly and distribution, banking, agriculture, cement and mining. The group is controlled by the Mendoza family, one of the country's wealthiest.

weattnest.

GM, which has operated in Venezuela for 40 years, is one of the country's largest foreign investors. In 1987 the American company was the market leader in motor vehicle sales for the

eighth consecutive year. It sold 38,042 units and obtained 34 per cent of the national market, in competition with Ford, Fiat, Renault, Toyota and Jeep.

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- of the new firm were released their own operations.

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INTL. COMPANIES AND FINANCE

Brown Boveri to resume payout

ASEA OF Sweden and Brown Boveri of Switzerland, the two electrical engineering concerns which merged on January 1, yesterday released independent profits for 1987, with Brown Boveri coming close to doubling its profits and Asea increasing earnings by 11 per cent.

Brown Boveri said the sures. improvement in its operating Groot results meant that it could cent t resume dividend payments after a lapse of two years. It is proposing SFr30 for A shares and SFr6 for B shares.

increased by 93.75 per cent to SFri86m (\$133.8m). However, Mr Fritz Leutwiler, chairman of Brown Boveri, said profitability was still "unacceptably low," adding that the merger with the merg Asea would give the group new opportunities to implement intensive restructuring mea-

Groop sales fell by 25 per cent to SFr10.37hn in 1987. This compared with SFr18.83hn the previous year when sales had been boosted by the buildand SFr6 for B shares. ing of a nuclear power plant for Brown Boveri's profit West Germany.

Asea increased profits (after financial income and expenses) to about SKr2.7bn (\$445.5m). It plans to raise its dividend from SKr7 to SKr8 a share.

The group, which has been distribution and industrial hit by a recent white-collar strike in Sweden, said the strike in Sweden, said the financial figures released yesterday were only approximate as the strike had meant delays in preparing the reports. Fur-

ther details are expected next

Earnings (after financial Earnings (after financial income and expeose) in the south quarter showed a strong increase to SK1900m, compared with SKr581m io the corresponding period of 1986. The strongest increases occurred in the power transmission, power transmission, power transmission, power transmission, and industrial distribution and industrial

Usinor cuts losses to FFr1bn

Fierce competition and price cutting by between 12 and 13 per cent kept the group heavily in the red in its bar and rod divisions. This offset a substantial increase in profits in its eheet steel department where

enect steel department where increased demand, especially from the car industry, helped maintain prices and volume.

Mr Francis Mer, president, and the fall in steel prices across all product ranges had cost Usioor about FFr3bn in 1987. Although many raw

Hoek Loos and

Aga agree gas

Together with Hoek Loos, the Dutch industrial gas company, Aga is building a plant for the purification and liquefaction of

panies.
The plant is due to start oper-

plant venture

USINOR SACILOR, the French state-owned steel group, reduced operating losses by two thirds last year to FFr1.16bn (\$201.3m), the third successive year in which it has improved its results.

Fierce competition and price cutting by between 12 and 13 per cent kept the group heavily in the red in its bar and rod

Sollar, the sheet division, nearly quadropled profits to FFr1.05bn, however, while in stainless sheet the group turned round from a loss of FFr165m in 1986 to a FFr480m profit

last year.
Usinor reduced its debt by about FFr4bo to FFr30bo in 1987, thus cutting financial expenses by 11 per cent to

Mr Mer said further job cuts
would be needed if the group
was to build a competitive position in the world market.
Noting that Usinor had
already embarked on some
small cross-border co-operative

agreements, for example with Luxembourg's Arbed in the sheet piling sector, he said he expected some more ambitious agreements to be realised this

Chemicals side helps lift **Dyno Industrier income**

AGA, THE Swedish industrial gas group, said yesterday it is setting up a plant in Rotterdam to increase its European production capacity for carbon dioxide gas by between 15 and 20 per cent.

Together with Hosk 1 and 15 and 15 chamicals at the Norwegian diversified industrial group, has reported a 32 per veillance equipment st cent increase in profits before earned profits before extraordioary I tems to nary items of NKr26 NKr220m (\$34.2m) for 1987, on a turoov compared with NKr167m NKr334m, compared The chamicals at the Norwegian diversified industrial group, has reported a 32 per veillance equipment st cent increase in profits before earned profits before extraordioary I tems to nary items of NKr26 methods and the submariance of the submarian

The chemicals division showed a considerable improvement, while explosives and plastics also increased profits. Sales of explosives declined slightly due to the weakness of the dollar.

carbon dioxide. Total invest-ment in the plant will be Fl 24m (\$12.5m), to be split equally between the two comof raw materials are causing uncertainty about prospects for the chemicals and plastics sectors in 1988, although favoura-

•Simrad, the submarine sur-veillance equipment supplier, earned profits before extraordinary items of NKr26.2m in 1987 on a turoover of 1987 on a turcover of NKr334m, compared with NK12.5m on a turnover of

compared with a DKr585m loss in 1986. The savings bank ble development is anticipated.
Profit per share reached
NKr8.90 for 1987, compared
with NKr6.20. The dividend is

Zanussi takes over Alpen Inox

ELECTROLUX-ZANUSSI; the Swedish-controlled the Swedish-controlled appliance group, yesterday further strengthened its hold on the European market for catering and industrial refrigeration equipment by taking over Alpea. Inox of Italy.

The company is a near neighbour of Zanussi in the Pordenone province of the Friuli region. With 223 employees in three manufacturing plants and a turnover last year of L37.4bp

over last year of L37.4bn. (\$29.7m), the company will join the Zanussi Grande Impianti section of the Electrolux group.

Zanussi refused last night.

Zanussi refused last night to reveal the purchase price, but the company claimed that, as a result of the takeover, Electrolux would have well over 50 percent of the European market for specialised catering and refigerating equipment. An official said the company's sales in this sector should reach L350bn in 1988, having risen 28.7 per 1988, having risen 28.7 per cent to L230bn last year when catering equipment sales climbed by 27 per cent and vending machines by 43.

Alpen Inox has been con-trolled by the Antonussi family which has a 70 per cent stake and whose head, Mr. Agasto Antonessi, is the

company's president and managing director.
The company has majority control of La Bergerand, a small French equipment

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period from 23rd February 1988 to 23rd May 1988 the rate interest on the notes will be 51/3 per annum. The interest payable on the relevant interest nt date will be U.S. \$8437.50 per U.S. \$500,000 note.

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£290,000,000 ng Rate Loan Notes Due 1995 or with the terms and

given that for the three Interest Period from (and including) 19th February, 1988 to (but excluding) 19th May, 1988, the Notes will carry a rate of interest of 91/2 per cent. per annum. The relevant interest Payment Date will be 19th May, 1988. The Coupon Amount per £10,000 will be £233-61, payable against surrender of Coupon No; 9 Hambres Bank Limited Agent Bank

NKr217m. The increase was due chiefly to the purchase of Kongsberg Heavy increases in the costs

ating at the end of 1989, produ-cing 100,000 tons of carbon dioxide annoally. It will use raw material supplied by Kem-ira, the Finnish fertilizer group. Albatross, a supplier of posi-tioning systems for vessels, suc-cessful cost control, and higher sales by nine subsidiaries.

SDS, the biggest Danish savings bank, made a net profit of DK7851m (\$58m) last year,

Danish shipping group splashes out

DENMARK'S Moller-Maersk shipping group is in an expan-sive mood; in recent months it has taken investment decisions estimated to involve about

\$2.5bo.
The Maerak line, which is one

new ships, including nine liner rail transport services, not only vessels with a expacity to meet expected demand from transport 3,500 TEU (20-foot the newly inaugurated North equivalent unit) containers Atlantic service, but also for its each. The ships are being but a service with the ships are being but a service with the ships are being but a service. each. The ships are being built expanding Norfolk Line and at Moller's own yard in Denmark and the first to be delivered, in April, will go into service in the North Atlantic liner service.

Atlantic service, but also for its expanding Norfolk Line and Brit Line services from the UK to the Continent and Denmark. The intensely-competitive North Atlantic liner trade has proved the rain of many abid.

The move marks Maerak's return to the North Atlantic liner trade after an absence of more than 30 years. It expects to introduce three vessels into extensive interests - and in the this service in 1988, with oth- Far East and Europe. Groop

ers following. companies appear to be in good.
With about 70,000 containers chape financially.
under its control, Maerak prob-

MANUFACTURERS HANOVER TRUST COMPANY 275,000,000

Floating Rate Subordinated Capital Notes due 1994

of the Notes, notice is hereby given that the Rate of Interest for the Interest Period 22nd February

1988 to 23rd May 1988 has been fixed at 9 % per cent per annum. The Coupon Amounts will be £117.32 for the £5,000 denomination and £1,173.24 for the £50,000 denomination and will be payable on £3rd May 1988 against surrender of Coupon No

cturers Henover Limit Agent Bank

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V10,000,000,000 Stepped-up Floating Rate Notes due 18th February, 1992,

For the six months 18th

February, 1987 to lide August 1983 the Notes will bear coupon rate at 0.44375%. ¥2,243,403 will be payable from 18th August, 1988 per ¥1,000,000,000 principal

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DOOD ROATING BATE NOTES DUE 199

NA CSSI Dept Agent !

Hilary Barnes reports on plans for growth at Moller-Maersk

The Maerak fine, which is one of the world's biggest private fleets, consists of well over 100 ably ranks as the second largest private fleets, consists of well over 100 ably ranks as the second largest private container-carrier in the world past 15 years of almost continuous crisis in world shipping, offshore drilling and supply. See Land in close pursuit. But the group, is also involved in North Sea oil and gas production ordered from South Korea. tion, air transport, manufacturing and retailing.

To support a door-to-door delivery concept, Maersk has developed European road-and-To support a door-to-door

proved the ruin of many ship-ping companies in the past. But Maersk has a high reputation for reliability and service in both the US – where it has

strong, is not a secret which the group is rushing to reveal.

But if asked, Mr Maersk Mc-Kinney Moller, 73, son of the founder of the group and still very much in charge of what is effectively Denmark's higgest business, replies that much is owed to "good housekeeping."

To make the point he says his own modestly-furnished office and the adjacent corridor is the only area which is carpeted in the handsome, bot far from opulent, headquarters office building on the Copenhagen

The group might soon draw

acquired six anchor-handling vessels from Canada and is vessels from Canada and is negotiating to acquire a tanker fleet from Spain. Three 250,000 deadweight fons (dwt) tankers have been ordered for delivery in 1988. Two product tankers two anchor handling vessels and two gas tankers are also on-

Recently, there have also been large investments in oil and gas extraction.

Moller is the operating company in the North Sea's Danish

sector for the Danish Under-ground Consertium - the other members are Texaco and Shell - from which, in 1987, it produced about 4.6m tonnes of oil and 2.5bn cubic metres of gas. A DKr5bn (\$768m) investment: programme for the development of two small gas fields is planned, with prodoction starting in the early 1990s. It is sometimes said that off

and gas production finances the Maersk shipping interests, but this is incorrect.

The Moller oil and gas parinership has only made a profit.

in the past three years, and The group might soon draw there is a long way to go before the investments made in the North Sea since 1962 can be fully repaid.

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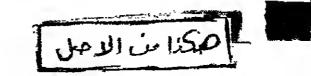


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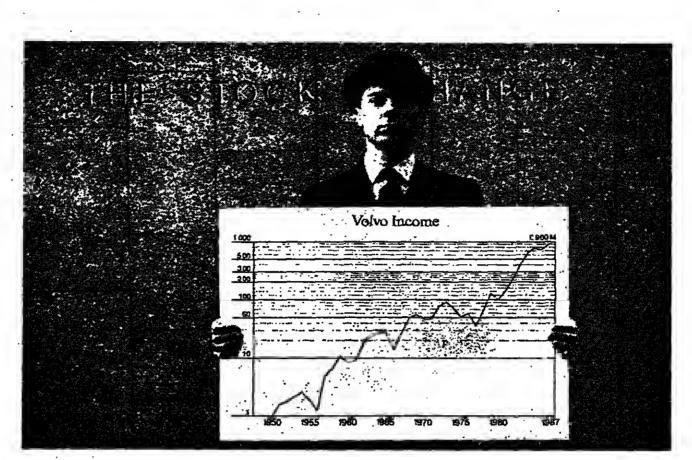
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BY OUR FINANCIAL STAFF

which began operating internal return to the 50 per cent level routes there last July and needs if one or more suitable New

funds for expansion.

Mr Roger Douglas, the New Zealand Finance Minister, yesterday lifted shareholding restrictions on the airline in the had lifted shareholding restrictions. face of protests from Air New Zealand, the state-controlled flag carrier.

This represents an about-face for the Government, which originally decided to restrict Ansett to a 50 per cent holding as a bargaining tool against the Australian authorities. Foreign airlines are not allowed to carry passengers oo Australian domestic routes.

Ansett is itself owned jointly

by Mr Rupert Murdoch's News Corporation and TNT, the Australian transport group. Ansett New Zealand has as its two other shareholders Sir Ron other shareholders Sir Bon Brierley's Brierley Investments (BIL) with 27.5 per cent and Newmans Group, a tourism company which holds the remaining 22.5 per cent. Both support the increased participation by Ansett, which has given the Wellington Gov-

Mr Douglas said the cabinet had lifted shareholding restric-tions on the sirline to enable

ANSETT Transport Industries, ernment an undertaking that, in Ansett New Zealand to enlarge and carrier, is to increase its half acquire majority or even full expand its fleet of aircraft. Share in Ansett New Zealand, control if it wished, it will in a joint statement with Mr

is yet unspecified - demon-strated its confidence in the

the stake of 54 per cent was sold by Chase Corporation, a New Zealand property and

a New Zealand property and investment company, for a reported NZ\$83.8 m (US\$55.6 m). Omnicorp expanded rapidly from 1986 but was hit by the stock market collapse last October and signalled in late January a halt to its international growth.

Rey buys control of Omnicorp

Group, which operates Air Europe and Intasun. Omni-corp is a minority partner in the group which took Mr Harry Goodman's ILG pri-vate last year. Our Financial Staff adds: MR WERNER REY, the Swiss financier and indus-trialist, has acquired a con-trolling stake in Omnicorp Investments, a New Zealand travel company, writes John Wicks in Zarich.

John Wicks in Zerich.

Mr Rey intends the takeover primarily as a way to
strengthen his activities in
merchant banking, in which
Omnicorp has also been
active. The stake is being
bought by his own Omni
Holding, the similarity of
whose name is coincidental.
The purchase gives him a
role in the British-based
International Leisure

Bill Jeffries, Civil Aviation Min-ister, he added that Ansett's willingness to invest additional equity funds – the size of these loog-term future of the New Zealand economy and the tour-

"As a result of the introduc-tion of Ansett New Zealand there has been competition in domestic main trunk air travel. for the first time ever. Competi-tion has resulted in both Ansett and Air New Zealand offering. better services to customers and lower air fares."

Air New Zealand yesterday-issued a statement which described the decision as "almost unbelievable." It added: The Government made it clear when it created this unique sit-uation of a foreign company acquiring 50 per cent of a New-Zealand airline that it would withhold the second 50 per cent until New Zealand interests had access to the Australian mar-ket."

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That bargaining leverage had now been given away while the Australian carrier, with sub-stantial benefits of internal protection and cross-subsidisa-tion, was being set free to attack another airline's much

smaller home market.
Last week Air New Zealand reported flat net profits of NZ\$21.9m (US\$14.5m) for the first half to last September, that period which marked the arrival of Ansett New Zealand.

Saudi joint venture bank results vary

remains insedquate. "It does not fully reflect the value of ACI's strong balance sheet,

commanding market position and outstanding growth pros-

SAUDI AMERICAN BANK (Samba), the 40 per cent-owned Riyadh affiliate of Citicorp, boosted net profits by 11.6 per cent last year to SR90.1m (\$24m) from SR80.7m after trimming loan loss provisions to SR166.8m from SR1803m.

In contrast, Saudi French Bank, the 40 per cent associate of Bank, the 40 per cent associate of Bank, the 40 per cent associate of Bank, the 40 per cent associate anearly one-third drop in net serves.

SR64.4m from SR64.4m from SR30m, SR94.9m. This was despite saudi Arabia's nine joint vensual stributed largest of saudi Arabia's nine joint vensual saudi largest of saudi Arabia's nine joint vensual saudi largest of saudi Arabia's nine joint vensu

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WYSE TECHNOLOGY

6% Convertible Subordinated Debentures Due February 25, 2002 6% Convertible Subordinated Debentures Due September 23, 2002

NOTICE IS HEREBY GIVEN to holders of the 6% Convertible Subordinated Debentures Due February 25, 2002 end 6% Convertible Subordinated Debentures Due September 23, 2002 (the "Debentures") of Wyse Technology (the "Company" I, pursuant to Socion 13.06 of the Indentural date as of February 25, 1987 and Section 12.06 of the Indentural dated as of September 23, 1987 between the Company and The Bank of New York, as Trustee, that the Board of Directors of the Cortapeny has dedared a dividend distribution of one Common Share Purchase Right (a "Right") on each outstanding share of the Cortapeny's Common Stock. Each Right will entitle shareholders to buy one stere of Common Stock. Each Right will entitle shareholders to buy one stere of Common Stock at an exercise price of \$100. The Rights will become exerciseable upon the sartier of (ii) 10 days stars a person or group acquires 20% or more of the Company's Common Stock or (ii) 10 business days after a person or group amounces a tender offer the consummation of which would result in ownership by a person or group of 30% or more of the Company's Common Stock. The entitler of such dates is referred to as the "Distribution Date." The Company will be entitled to redeem the Rights at \$11 per Right at any time on or before the tenth day following acquisition by a person or group of 20% or more of the Company is acquired in a merger or other business combination in which the Company's acquired in a merger or other business combination in which the Company is acquired in a merger or other such as a NOTICE IS HEREBY GIVEN to holders of the 6% Convertible Stock issued upon com Rights. The description

WYSE TECHNOLOGY

Bid acceptances top 50% but ACI board fights on

BY BRUCE JAQUES IN SYDNEY

itional, the Melbourne glass and packaging producer, is fighting on despite a declaration yester-iday that bidders had more than 50 per cent of the company.

BTR Nylex, the quoted local offshoot of Britain's BTR, acting together with the privately-owned Pratt Group, won acceptances from key shareholders to keep ACI's proposed 8.5 cent a share interim dividend.

Mr Scott said the latest offer remains inaedman. "It does for ACI on Friday to A\$1.6bn (US\$1.15bn) or A\$4.10 a share. However Mr Brian Scott, ACI chairman, attacked as prema-ture the acceptance of the bid

try's leading institution, and westfield Capital Corporation, an investment company.

They held almost 14 per cent and 20 per cent respectively, and were thus instrumental in delivering the bidders their claimed 50.5 per cent.

Early acceptance marked a radical departure for the oormally conservative AMP which is renowned for sitting bids out until the last possible of the countries of the configuration and outstanding growth prospects," he said.

Despite the premature acceptance for ACI shareholders ACI directors therefore recommend that shareholders do not accept the Pratt-BTR Nylex offer for their shares at this time.

There was speculation last night that ACI might tha

is renowned for sitting bids out until the last possible moment. But Mr Ray Greenshields, the group's portfolio manager, said the society accepted the bid so that other shareholders would be guaranteed the higher offer. The AMP has shareholdings,

tion or arrangement between the bidders and the accepting ahareholders. But this would risk a flood of acceptances for the bid. ACI shares closed steady at AS4 in light Sydney

Attributable loss at North

Kalgurli By Our Financial Staff

COMPANIES in Mr Alan Bond's Western Australian gold mining empire yesterday reported their last interim results before their operations are rationalised to

reate a "super pit." North Kalgurli Mines more than doubled net operating profits in the 28 weeks to January 12 to A\$19.62m (US\$14.1m) compared with A\$8.20m. Revenues jumped to A\$88.6m from A\$40.4m.

The earnings came, however, before an extraordinary charge of A\$229.2m which left an of A\$225.2m which are an attributable loss of A\$200.2m against A\$7.3m profits. The write-off was on goodwill and a possible reduction in mining

Gold Mines of Kalgoorlie. its 51.5 per ceot subsidiary made no such provision and emerged with net earnings slightly lower at A\$8.38m against A\$8.70m. Revenues rose to A\$11.6m from just under A\$6. under A\$9m.

JEWEL III Limited repeated with health he Capeton bloods US\$150,000,000 SECURED FLOATING RATE NOTES DUE 1993 Interest Rote 7.2.3% Interest Period Februar 22, 1988 to August 27, 1988, Interest Po-obie per US\$100,000 Note US\$3,655.17 February 23, 1988 By Cithonik, NA, (CSSI Dept.) Agent Be

AUSTRALIA AND NEW ZEALAND BANKING **GROUP LIMITED**

Sterling Floating Rate Notes

in accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 18th February, 1988 to 18th May, 1986 has been fixed at 9.5625 per cent per

been fixed as a service.

On 18th May, 1988 interest of starling 117.80 per starling 5,000 nominal amount of the Notes, and sharest of starling 588.47 per starling 25,000 nominal amount of the Notes, will be due against Coupon No. 14.

This announcement appears as a matter of record only.



Kerr-McGee Oil (U.K.) PLC U.S. \$150,000,000

Euro-Commercial Paper Programme

Guaranteed by

Kerr-McGee Corporation

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December 31, 1987

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through its wholly-owned subsidiary

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has repurchased via tender

\$175,000,000

principal amount of Houdaille's

13% Subordinated Notes due 1996

The undersigned served as dealer manager for this tender offer.

MORGAN STANLEY & CO.

February 23, 1988

D 1988, The Chicago Board of Trade

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INTERNATIONAL CAPITAL MARKETS AND COMPANIES

They are to be guines pigs for

nental Europe in coming

If it succeeds, the scheme for

a Europe-wide financial ser-

vices oetwork could be an early beneficiary of the European Community's plan for a free market in financial services in 1992. In time, the venture may

Two further issues in **Eurosterling sector**

EARLY STRENGTH in the gilt market prompted General Motors Acceptance Corpora-tion UK Finance and BP Capital, to launch five-year Euros-terling bonds yeeterday totalling £160m.

The deals came against a background of steady Continen-

background of steady Continen-tal boying of shorter-dated Eurosterliog paper which had ied some recently issued bonds, such as a five-year deal for British Telecom, to trade at levels to provide yields equiva-lent to those of UK government securities.

An easing in the gilt market

led both yesterday's issues to close at prices outside their total fees. Since they were both for well-known corporate names, however, they were expected to be absorbed easily

by European investors.

BP Capital's £100m 9% per cent bond, and GMAC UK Finance's £50m deal, were launched on exactly the same terms although GMAC's deal has a 5% year life and short has a 5%-year life, and short first coupon period. BP's bond was led by Samuel Montagu while Baring Brothers brought

GMAC's issue. At the close, both were bid at prices to give yield margins of 26 basis points over the comparable gilt — broadly in line with their initial spreads. But both were quoted at around less 2.15 bid, outside their 1% per cent fees, reflecting the fall in the gilt market. Last Friday's £75m five-year

bond for ICI was also providing a yield margin of about 26 basis points, although this was more than 10 basis points wider than its original yield differential.

into the 10-year maturity area. Quebec's \$200m issue was viewed with indifference by viewed with indifference by dealers, who said investors were still reluctant to buy longer-dated Eurodollar bonds except for the very best quality names. The 9 per cent bond, priced at 100½, was bid at around less 2½, ½ point outside its total fees. It was lead-managed by Credit Suisse First Boston.

INTERNATIONAL BONDS

Reluctance by retail investors to sell shorter-dated paper has made most issues theoretically expensive, relative to the US Treasury bond market. As an extreme case, a five-year issue for IBM was providing a yield no higher than that on the comparable Treasury yesterday, dealers noted. dealers noted.

Daiwa Europe led an 8% per cent \$30m five-year bond for Orient Lessing, priced at 101%, which looked likely to be largely asset swapped.

Daiwa Europe said last
Yamaichi International night that the Japanese MoF

(Europe) announced a \$50m equity warrants bond for Taiyo Sanso, the Japanese industrial gas producer, with a par pricing and indicated 4% per cent coupon. Slight improvements in US

Treasury band prices encour-maturing in December 1997 aged a gain of up to 20 basis Details will be set on March 1.

In Eurodollars, Province of Quebec followed the trend set last week by the European ing was broadly directionless. Investment Bank and the City of Oslo and launched an issue ing was broadly directionless.

D-Mark Eurobonds were largely the new range of financial ser-vices the US conglomerate plans gradually to introduce to all its 2m cardholders in Contiunchanged in low turnover.

Dealers in Switzerland noted
a slow-down in demand for pri-

mary market paper. In the sec-ondary market, prices eased by months. about 4 point, in response to if it su slight increases io interbank a Europ interest rates.

Credit Suisse announced two

Credit Suisse announced two issues late in the day. These were a 4 per cent SFr300m five-year bood for Denmark, priced at 101, and a 10-year SFr150m issue for Fletcher Challenge Finance, a subsidiary of the New Zealand conglomerate. This, the borrower's first public issue in Switzerland, bore a 4% per cent coupon and was priced at 101.

HandelsBank NatWest amounced a SFr120m 10-year issue for Oesterreichische Postsparkasse, guaranteed by

Postsparkasse, guaranteed by ture, in spite of the fact that is Austria. The 4½ per cent bond. limited to American Express's whose terms looked in line with 600,000 German cardholders. the primary market, was priced at 100%. It was bid at less 1%. Swiss Bank Corporation cut the coupon on a five-year charge their purchases, but also SFr70m convertible for Nippon to deposit money with Ameri-Steel Chemical to 4 per cent, from an indicated 1% per cent,

and increased the put price on the bond. had given it permission to make the first issue of warrants on Japanese government bonds. It will start with an issue of 200 calls and 200 puts each on Y100m of the No 105 government bond, a five per cent issue

Under German law, that equires a banking licence. "The options were to develop the existing American Express Bank, co-operate with a German bank or buy a small bank ourselves," explains Mr Jürgen Aumüller, president of American Express' Travel Related Services (TRS) division for Europe, the Middle East and

PORES

AMERICAN EXPRESS cardholders in West Germany will find more than their usual bills dropping through the letterbox this month.

AMERICAN EXPRESS cardholders cardholders at what it claims are lower rates and with greater flexibility than German dropping through the letterbox whereby it would bring in the cardholders and the local bank.

Not surprisingly, the comwould provide its distribution network, says Mr Aumüller.

Now the group has decided to go it alone. Cardholders are being invited to deposit money with Bankhaus American Express, the bank set op by the company following its purchase of a 80 per cent stake in Deutsche Transportbank in October

The bank, a little known institution with total assets at the time of DM260m (\$152m), was founded by German heavy freight carriers largely to pro-vide the industry with instal-ment loans. By the end of last year, American Express had bought the remaining 20 per cent and renamed the bank.

It is oow the flagship for the company's Continental Euro-pean ambitions in financial services. "We're soing to become a DM5bn bank in the next three 600,000 German cardholders.

The firat stage, being Surface, the executive behind launched this month, gives cardholders the chance not only to The appeal to German deposi-

tors is simple. American Express is paying 3.25 per cent interest against the 2 per cent for standard time deposits. Moreover, the money is available instable instable against with a series of the standard time. able instantly, compared with the three month's notice required for any withdrawal above the ooce-monthly DM2,000 allowed at most Ger-man banks. Though other types of savings account offer higher rates, investors are penalised with even longer notice periods.

There seems to be plenty of demand for American Express's new product. Test marketing begun last September to over 600 cardholders brought in an average deposit of almost DM80,000 each. One client transferred DM2.3m to her new account.

Haig Simonian reports on a plan to offer financial services Europe-wide

pany is emphasing the service and security associated with its fsmiliar name almost as strongly as its competitive rates in marketing to potential

rates in marketing to potential German depositors.

It is also trying to exploit the trend towards less exclusive banking relationships. Some German retail finance houses like KKB (owned by Citibank) have succeeded partly because many customers prefer not to do all their banking business with one institution. When it The American Express

experiment represents a small but significant threat to the hitherto cosy world of Germany's retail deposit-taking banks. It is probably aware that to throw down too obvious a gauntlet would not be in its own

comes to borrowing money in particular, many Germans go lsewhere.
American Express' product

interest.

range will partly be tailored to each European market. While deposit products are likely to be of greatest interest in Germany, where there is over DM600bn in existing savings accounts and a high propensity to save, a scheme for UK car-dholders is concentrating more

If the venture works, more services will come on stream. Possibilities include insurance -

in shares or Invest in funds might also be developed.
Further variations could be foreign currency accounts, depending on cardholders' national banking regulations. And in Germany, there is the chance the venture could develop into a full-scale money market account, once the Bundesbank drops its present strong opposition to such accounts.

Mr Aumüller is cagey when it comes to how the bank intends to use depositors' cash. Instead, he stresses the savings Bankhsus American Express will have on the cost side to explain how it can offer such competi-

Business will be done over the telephone, so the bank, which has about 60 employees at present, needs no branches. Staff numbers are likely to rise a little as business develops, but Mr Surface sees the biggest investment going into systems.

The scheme also has much lower acquiaition costs than most alternstives, he claims. Potential customers - American Express cardholdere - are already known to the company and therefore do not have to be expensively acquired. Market-ing will be limited to mail shots and advertising in cardholders'

magazines.
Moreover, the company has horeover, the company has
the great advantage of already
hsving the records of its cardholders' credit hietory. Not
only are potential bad risks to
some extent sifted out by the card spplication procees, but the company also knows their subsequent credit behaviour.

A comparison of costs for carry out through a joint ven-ture with an established insurer auggests that acquieition costs could be as low as DM400, and poeeibly even DM300 in time, against some DM4,000 when going through a conventional agent.

American Express plays its German card



"We don't want to develop a universal banking relation-ship," say Mr Aumüller, "or break into clients' primary banking relationship." The plan is to offer the consumer products which are of particular interest, "but without the bricks and mortar."
American Express is probably

aware that to throw down too obvious a gauntlet would not be in its own interest. Likewise the banks may choose to look the other way, in splte of some of their opening bluster. The number of cardholders is limited, and not all may take up the ides.

But should the scheme really take off and perceptibly begin to dent banks' deposits, or to receive such publicity as to draw attention to the banks lower deposit rates, some may resct. Discreet pressure or, more publicly, reviewing their willingness to market American Express travellers' cheques, are

two obvious avenues. Any threat to the lucrative travellers' cheque bueiness would not go down well at acquiring insurance business - American Express TRS divi-which American Express would sion, though executives say they are not worried and claim that bank customers often specifically request their cheques.
It remains to be seen how the

new scheme develops. But, in the short run at least, it could be in the intereste of both Possibilities incince insurance — when going through a conventional agent.

American Express and mortgages and instalment Germany's powerful commertant Express will also lend money to loans. In time, an ability to deal cial banks react to the new venture of the family of "basic prodhigher-income cardholders — the interests of the interest of t It remains to be seen how many's biggest banks for Bank-Germany's powerful commer- haus American Express to

Amsterdam dealers snub Austria deal not deal in it. Amsterdam firms trian bond was listed in Luxem

bourse boycotted a F1 250m Eurobond for Anstria yesterday because its Laxembourg listing reduced their income, Reuter reports from Amsterdam.

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C J Schoo, a leading hockman (floor specialist) firm handling Enrobonds, said talks were being held about the bond, lead-managed by Credit Suisse First Boston Nederland, Pending the outcome, the firm would

Many large Dutch institu-tional investors such as ABP, the civil service pension fund, are not allowed to invest in for-

have complained that the Lux-embourg listing deprives them lower. Bond dealers see CSFB's of a % per cent subscription fee and has robbed the bourse of a listing fee. decision to list the issue in Lux-embourg as a way of putting pressure on Amsterdam to cut

its listing costs.
One Amsterdam hoskman said: "There have been Eurobond listings in Amsterdam for are not allowed to invest in for-eign-listed bonds.

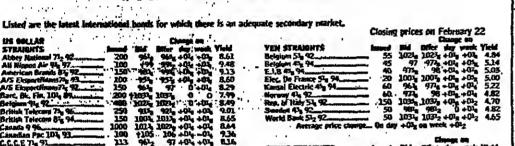
Mr Tyo van Marle, head of CSFB Nederland, said the Aus-

FT INTERNATIONAL BOND SERVICE

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Low price set for Caisse **Nationale** privatisation

By George Graham in Paris

THE REGIONAL banks which make up Crédit Agricole, France'e largest banking group, have been asked to pay FFr7bn (\$1.21bn) to
buy control of their central financial institution from

Mr Edouard Balladur, the French Finance Minister the "privatisation" of the "mantualisation" of the Crédit Agricole - has fixed the price for the Caisse Nationale at the lowest value permitted by the privatisation commission and

at 13.5 per cent below its estimated net asset value.
The prospective sale of the Caisse Nationale, a state-owned company which acts as central banker to Credit Agricole in a strictly regulated relationship with the 94 regional co-opera-tives that make up the group, has aroused flerce political passions.

Opponents of the sale have accused Mr François Guillaume, the Agriculture Minister and former leader of the powerful farmers' union, of pushing the operation through for political ends. Mennwhile the Finance Ministry has been unwilling to let Crédit Agricole move ont of its control unless it gives up some of its privileges.

Although Credit Agricole has moved away from its rural base to become France's largest consumer bank, with a quarter of all deposits and over a third of the home loan market, its future remains a sensitive

future remains a sensitive matter for the powerful agricultural lobby.

Of its 14m customers, only 45m qualify as members of the regional co-operatives. Yet local boards are heavily dominated by representatives of the farming and food industries.

By contrast, the Caisse Nationale, especially in its top ranks, is dominated by senior executives transsenior executives trans-ferred from the civil ser-

wice.

Bealdes the cultural gap
which has sometimes
appeared between the cantre and the regional co-operatives, the bank has also
experienced a growing
financial conflict. The two poles have begun to compete against one another and the regional banks have accessed the Caisse Centrale of making inroads into their

business.

At the federation of regional Crédits Agricoles, officials hope that the sale of the Caisse Centrale will resolve the conflict and allow the group to develop without these rivalries.

Credit rating agencies, meanwhile, have downgraded Crédit Agricole debt frost AAA to AA, feeling that the removal of the state's guarantee from the Caisse Centrale, coupled with the cash drain on the regions created by the sale, diminishee the group's diminishee the group's

Christiania Bank reduces staff by 64

BY KAREN FOSSLI IN OSLO

CHRISTIANIA BANK, Norway's second largest banking group, is cutting staff by a total of 64 in London, Stockholm and New York as part of a continuing effort to cut costs. The bank made heavy losses in 1987 and was forced to pass its dividend. The staff retrenchment was

recommended by Spicer and Oppenheim, a UK-based firm of

In London, the staff has been reduced from 90 to 53, in Stockholm from 35 to 23, and in New Christiania said that,

oppenheim, a UK-based firm of reduced from 90 to 35, in Sockconsultants, which also called holm from 35 to 23, and in New for the bank to concentrate on "core businesses." Spicer and Oppenheim was engaged last Norway of Norges Kort, a per subsidiaries, it was pear by Christiania to identify credit card company, K-Venopportunities to enhance profits and reduce costs.

Christiania sald that, although foreign exchange trading operations were to be shut foreign subsidiaries, it was comportunities to enhance profits and reduce costs.



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cut out to get back into the City's good books. Even in the heady days of last year's bull-

market, the company's offer-for-sale received a distinctly

lukewarm response. On opening day, the shares closed unchanged at the offer price of

unchanged at the other price of 180p.

The subsequent performance has been enough to make any stag hang up his antiers. The peak was a messly 134p and after the crash, when investors scrambled out of any dollar is lated stocks, the shares subsided to the 43p at which they were suspended last Thursday. Yesterday's naws initially knocked off a further hip before a rally to the close of 40p.

40p.
"There is no justification for the share price to be where it is at the moment" says Mr Gooding, who sees the poor performance of the shares as evidence.

of the City's short-term atti-

Sut analysts are unrepentant.
"We still have a blurred image
of the company's prospects,"
said Mr Nigel Burton, an electronics analyst at Robert Flein
ing, "and I can't see how anyone can recommend the shares,
on fundamental grounds, until
we have more information."

Even Kleinwort Grieveson,
the company's broker market

Even Kleinwort Grieveson, the company's broker marked down its pre-tax profits forecast to about £3m yesterday, after already having cut its estimate from £10.8m to £8.5m, and £10.8m to £8.5m and £3.5m this year with the possibility of a recovery next year.

bility of a recovery next year.

Cambridge will need to #1: least match those estimates if #1: is to convince the markets that the years of turbulence are finally over.

Philip Coggan on the latest setback for Cambridge Instrument

Struggling to repair City image

instruments

in semiconductors. Orders are on the way, says Mr Gooding, but they may not make it into profits in the current financial

However, the market is disinclined to be sympathetic. The problems of the semiconductor industry were well known and at the time of the float, Cambridge was repeatedly asked to give an indication of its semiconductor profits. But the company refused to do more than

pany refused to do more than

split out the turnover saying that, because of the way it was organised, a profit breakdown

By the time of this year's interim results, however, Cambridge was able to indicate that the semiconductor business lost

1.4m in the first half. Although the company stressed

would represent less than 10 per cent of turnover, the damage to Cambridge's reputation had been done.

first days of Thatcherism to a

nuclear physicist turned entre-preneur, Cambridge Instru-ment is virtually a one com-pany case study of the last 20 years of UK industrial policy. Sadly, after all the rescue packages and transfers of own-

packages and transfers of own-ership, Cambridge has not yet been able to shake off its record of hi-tech products but low-quality earnings. Tha announcement that this year's profits are likely to be substan-

tially lower than expected is just the latest disappointment since the company rejoined the

stock market last year.
Until the float, Cambridge seemed to be in a new phase of its hundred-year history.
Founded by Mr Horace Darwin, the naturalist's son, in 1881, the company was one of the

the company was one of the pioneering developers of scan-ning electron microscopes. But making money was rarely its forte and the NEB acquired it

in 1975 after it had passed through a series of corporate

In 1979, the NEB passed man-

In 1979, the NEB passed management control to a consortium led by the Welsh-born, San Diego-based Mr Terry Gooding and his actions quickly improved the group's dismal financial record.

From losses of £3m in 1979, Cambridge moved into profit in 18 months, with the help of reduced costs, tough financial controls and new management. Profits then grew steadily and the purchase of Reichert instrumente in 1986 nearly doubled the group's size and allowed it to float with a market capitalisation of £127m.

ation of £127m.

BY ANDREW HILL

STRONG DEMAND for Rolls Royce motor cars helped Vick-ers, the industrial group with interests ranging from baby incubators to luxury cars, achieve a 16 per cent rise in pre-tax profits to \$62.6m for

In aggregate, yesterday's fig-ures were only marginally ahead of City forecasts, but evi-dence that Rolls Royce sales, had held up despite October's stock-market crash prompted the shares to add 9½p to close

Operating profits at Rolls Royce advanced by 26 per cent-to \$22m on turnover up just 6 per cent to \$186.2m. This repreper cent to £100.2m. This represented an increase in margins from 9.9% to 11.8%. Sir David Plastow, group chairman, attributed the lift in margins to better productivity and aggressive. pricing tactics.
"The crash had little real

impact on our market," he said, suggesting that the purchas-ing-power of would-be owners of Rolls Royces had not been dented by Slack Monday and its aftermath. He anticipated buoyant demand for the Bentley Turbo R, a top-of-the range model due to be launched later

The company le aiming to reduce its dependence on the US, Sir David said. Of the 2784. cars sold last year, 1208 went to the US, 842 to the UK and 724 to the rest of the world. U8 sples grew by 5 per cent.

ling interest in Dachnfeldt, a leading Danish seed company,

and is making a bid for the remaining shares. The terms of

the open offer - equivalent to the terms on which 8ooker

acquired ite interest - value the quoted Danish company at DKr

Booker has bought its stake via the purchase of a 93 per cent interest in Defta A/S, a



With US sales amounting to \$200m out of a total for the group of \$780.1m last year, the declining dollar cut pre-tax profite by between \$1m and £1.5m on translation into ster-

If the crash had negligible effect on car asles, it was blamed for a contraction in demand for US sales of medical and scientific equipment. Teca, a subsidiary of the electromyography company Medelec, suf-fered particularly badly.

Bunzl in £16m US expansion

move By Maggie Urry

demand by cutting costs. As a whole, the medical equipment Bunzl, the expanding paper and packaging group, has taken an option to buy 58 per cent of the shares in Seal, a US group, and has agreed to endeavour to division made £6m against £4.7m ln 1986, when Air-Shields made only a two-month Profits from defence and make an offer for the rest of the shares. The price for both purchases would be \$12 a share, valuing Seal at \$28m (£16m). cent to £12.7m on turnover up £54.1m to £87.4m, reflecting the purchase of the Leeds Royal Ordnance tank facility at the

The option was granted by directors of Seal. Over the next two weeks Bunzi Plates, profits advanced \$1.2m to \$18.7m on turnover up \$19.9m to \$155.3m. The contribution from Marine Engineering rose from \$2.3m to \$3.4m. will make investigations with "due diligence" and will only proceed with the offer if it is satisfied with its findings.

its findings.
Connecticut-based Seal has three main activities. The first – laminating and mounting photographs and other graphics for displays – is similar to Bunzi's Coated Specialities subsidiary. Last year Seal bought Ademoo, a UK company, which is a distributor to the laminating and mounting Vickers put ap for sale in Jannary this year, reported profits down £1.3m to £5.1m. Sir David said that over 50 companies had expressed interest in buying the company.

The interest charge rose to £8.3m against £5.9m in 1986, due to the costs of financing the acquisition of the Royal

which is a distributor to the laminating and mounting market. The third division, Okay Industries, makes precision-machined parts and was acquired in 1884.

Mr Donald Latimer, Buuzl's group eervicee director, eaid yesterday that Bunzl had known Seal for some time. Although for some time. Although Okay did not apparently fit with Bunzi's activities, the future of that part of Seal would be decided if and when the offer goes through

through.
In the year to October 31
1987 Seal made a pre-tax
profit of \$5.5m, np from
\$2.7m in 1986 and \$620,000 in 1985. Seal's shares were trading at \$10.25 before the

Chancery Securities £1.95m purchase

service to customers, not just as lenders, but

as advisers too, tailoring our services to

fulfill our clients' individual requirements.

tf, like McNicholas, you think your

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Royal Trust Bank approach to financ-

ing enterprise, contact Jonathan

Stocker or Paul Smith in London.

They will be pleased to listen

George H. Scholes, the electrical engineer which last year fongbt off a \$70m bld from Delta Group, is buying H. & L. Appleby, a family-owned manufacturer and distributor of electrical installation matricel. To further strengthen its financial services slde Chancery Securities, mor-chant bank, has acquired ADC (Holdings) for an ini-tial of £1.95m.

ADC, privately-owned and based in Bristol, provides a range of financial services to clients throughout tho The acquisition adds wiring accessories and lighting systems to the products supplied by Scholes under the brand name Wylex. The company says further acquisitions are likely this year. sonth-west. It has war-ranted pre-tax profits of S300,000 for the year to November 30 1987 together with net tangible assets at that date of \$310,000.

Scholes also announced pre-tax profits up 18 per cent to \$3.3m (\$2.8m) for the half-year to the end of December on turn-over of £17m (£15.4m). The cost of fighting last year's bld was included as an extraordi-nary loss of £551,000, reducing

trical installation materials, for £9m in cash and shares.

and managing director, said sales of miniature circuit breakers and residual current devices £4.62m. Net tangible assets now accounted for 60 per cent stood at £4.5m. of turnover.
The units are manufactured by Scholes under exclusive licence from Asea Brown Bov-

Earnings per share increased by 20 per cent to 16.5p (13.7p)

and an interim dividend of 5.5p (4.5p) has been declared.

Mr Reg Harrington, chairman

Terry Gooding - no justifica-tion for current share price

instruments industry, it offered plenty of scope for cost savings and, according to Mr Gooding at least, it was cheap at the

least, it was cheap at the (\$50m) price.

At the time of the float, the Reichert business was still being rationalised and its main effect on the group had been to dent operating margins. But last November Cambridge acquired the optical instruments arm of Bausch and Lomb, which also required rationalise.

which also required rationalisa-tion. This means that the full benefits of the US purchases will not come through until

1990.
Two further factors have dented the impact of the Reichert-buy. A US patent dispute has affected its higher margin opthalmic business and the dollar's weakness has exacerbated the effect of the US profits decime.

Scholes on bid trail as profits jump

The Reichert acquisition was decline.

heralded as a deal for the future. It gave Cambridge a shrugged off those difficulties strong presence in the optical had it not been for its problems

eri and Felten & Guilleaume, Sales of traditional rewires. by this new technology, but Mr Harrington alms to offset this

net profits by 10 per cent to £1.6m (£1.78m).

Earnings per share increased by 20 per cent to 16.5p (13.7p) and an interim dividend of 5.5p (4.5p) has been declared.

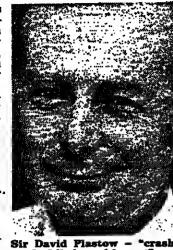
Appleby's profits. In the year ended March 29 1987, Appleby made £1.26m before tax on turnover of

comment

Judging from yesterday's results Delta's unsuccessful bid last July has shocked Scholes nary loss, but it has bought \$7m.

oxpectations, and the compa-ny's first major purchase also looks canny: Appleby's gross margins are nearly 50 per centmargins are nearly 50 per cent-better than those of its new-parent company — and the acquisition will help fulfil Scholes' aim of being able to supply a complete fusebox, package to both domestic and industrial consumers. The com-pany is ungeared at the moment, and is looking at public and pri-vate companies, for further vate companies for further acquisitions, to be funded with borrowings and paper, Yester-day the shares closed up 100 at into action. The company may 455p and pre-tax profits for regret the \$551,000 extraordi- this year are expected to top Harrington aims to offset this by expanding the product range.

The Manchester-based company is to pay for Appleby



Nevertheless, Air-Shields, the US neo-natal equipment com-

oil and protein crops; a strong

Booker buys Danish seeds

Booker, the agriproducts, food and health products group, announced yesterday that it has acquired a control
mended by the Danish group's business where sales topped £27.3m in 1987.

Daehnfeldt's recent profits record has been unimpressive.

pany bought in September 1986 successfully countered lower

At Howson-Algraphy Printing

Comforto Vickers, the business furniture company which Vickers put up for sale in Jann-

the acquisition of the Royal Ordnance facility and KaMeWa, a Swedish propellor company,

Tax was £17.8m (£14.7m), and earnings per shares worked out at 17.4p, a 7 per cent advance. The board is recom-

mending a final gross dividend of 5.5p, making 9.2p for the year against 8.4p in 1986. See Lex

contribution to profits.

mended by the Danish group's board. Booker says it will fund the offer from existing cash resources. Daehnfeldt shares Daehnfeldt's recent profits record has been unimpressive, with the pre-tax figure falling from DKr 18.5m (£1.5m) in 1982/3 to a loss of DKr 27m (£2.4m) in 1986/7. According to Booker, the core business has remained profitable but problems have stemmed from a recent acquisition from Pacha. were suspended earlier this month at DKr 600 and DKr 400 respectively. Daehnfeldt was founded in the 19th century and its busi-ness spans the breeding, pro-duction and marketing of agrirecent acquisition; from Daehn-feldt's US subsidiary; and from rising borrowings. Net assete last September totalled DKr 60.5m (£5.3m). Sales last year were DKr 319.9m (£28.1m), of which more than half were cultural and horticultural attractions include a strength in grasses and the production of

vegetable breeding programme; and a significant position in

holding company. Defta's principal asset is a 33.1 per cent equity stake in Dachnfeldt and 58.2 per cent of the company's After meeting the costs of financing the Daehnfeldt acquisition, says Booker, the net profit contribution is likely to be negligible in the short. Booker is now offering to flower breeding. acquire the remaining Daehnfeldt shares at DKr 775 for will complement its own seed -Financing Enterprise

Why Royal Trust Bank means a great deal to

McNicholas Construction McNicholas Construction (Holdings) Limited is a go-ahead British company, fast becoming known as the UK's leading satellite TV cabling contractors. When the Directors decided that they

should increase their personal shareholding to support this rapidly developing business sector, they turned to Royal Trust Bank for We responded quickly and efficiently. fulfilling their requirements with a tailormade

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Royal Trust Bank, Royal Trust House, 48/50 Cannon Street, London EC4N 6LD, Telephone: 01-236 6044, Telex: 8952679, Facsimile: 01-248 0828, Offices in Manchester (061) 632 3033 Ipswich (0473) 231223 and Leeds (0532) 461889.

Wates City in £40m

property sale By Heather Farmbrough

Wates City of London Prop ertles yesterday announced that it had sold its interest in the 42,600 sq ft building at 56 Moorgate to Westdeutsche Lan-desbank Girozentrale for about

Mr John Ellington, financial and commercial director, said the deal had been agreed before the stock market crash,
Following: the crash, "the
demand for property is still
there and the available space is
not," he added.
The consideration will be sat-

isfied by an immediate cash payment, and a loan note of approximately equal value pay-able in four years' time.

Polly Peck in Spanish buy .. 32

Polly Peck International, the international trading and manufacturing company, Is buying a Spanish citrus packing complex for Pta 150m (\$750,000). Based in Valencia, the facility will be used to pack Spanish fruit for distribution within EC markets.

The company has also established a new French distribution company for fresh produce in Marseilles. This is intended to complement the activities of the Group's Dutch subsidiary in Rotterdam, Sunzest Netherlands.

BOARD MEETINGS

Low & Bonar Canadian minority deal

BY HEATHER FARMBROUGH

plastics, textiles and electronics group, intends to repurchase the outstanding minority 32.5 per cent interest in Bonar Inc, its Canadian business.

As part of the C\$38.75m (£17.4m) cash deal, the group is to offer C\$24.25 a share. The independent directors of Bonar Inc are advising the board to and recommend acceptance of the tal.

assets of C\$61.8m at the end of the period.

Low & Bonar, packaging, loffer.

"We realised we had a very of the company raised C\$15m good business in North Americal Styrears ago by floating one third of its equity in Canada. However, Mr Roland Jarvis, who became group chief executive after the sale, said that the two considerations were not comparable, since the Canadian business had doubled in size, and had raised additional capital."

"We realised we had a very good business in North Americal to reacquire," he said. "With the Canadian dollar relatively weak against the pound, it." In the year ended November: 29, Bonar Inc produced pre-tax profits of C\$12.9m and had net assets of C\$61.8m at the end of the period.

Coloroll Group PLC

£75,000,000 Multiple-Option Facility

National Westminster Bank PLC

National Westminster Bank Group Algemene Bank Nederland N.V.

The Sanwa Bank, Limited

Westpac Banking Corporation **Credit Suisse**

Additional Tender Panel Members Crédit Lyonnais, London Branch

The Fuji Bank, Limited Swiss Bank Corporation

Den Danske Bank Société Générale TSB England & Wales plc

Midland Bank pic

Legal Adviser to National Westminster Bank PLC Allen & Overy

Agent Bani International Westminster Bank PLC

February 1988

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UK COMPANY NEWS

MINERAL EXTRACTION AND REFINING IS LARGEST CONTRIBUTOR TO PROFITS

Lonrho gives £10,000 to SDP

Loarho, mining, trading and industrial company headed by Mr Tiny Rowland, donated \$9,775 to the Social Democratic Party last year. It is the company's first donation to the SDP and nnly the second it has made to a British political party in its recent history.

The donation was revealed in the company's annual report, published yesterday, which also pointed to a rise of £180,000 in Mr Rowland's pay and gave the first detailed breakdown by sector of the company's profits last year.

The only other donation Lonrho has made to s British party since 1965, when it became necessary to reveal these in annual

essary to reveal these in annual reports, was a small contribu-tion to the Conservative Party

The accounts show that Lon-

Albright

& Wilson

rho's highest paid director, pre-sumably Mr Rowland, saw his pay rise last year from £475,860 to £656,251. Mr Rowland, who owns about 67m Lon-rho shares, will also have received some £7m of dividend

A breakdown of the group's pre-tax profits, which totalled \$200.2m, against \$165.1m in 1986, showed the largest contribution coming from mineral extraction and refining, which produced pre-tax profits of \$59.1m, against \$44.3m, helped by firmer precious metala prices and increased produc-

ion.
There was a sharp rise in the contribution from leisure, wines and spirits to \$32.1m (\$18.1m), helped by a recovery in the UK hotel trade from the adverse impact of the Chernobyl disas-

ter of 1986 and in the Mexican hotel business from the 1985

earthquake.

Motor and equipment distrigen-Audi dealership in the UK, saw profits rise to £31m (£22.3m); while agriculture was up to £14m (£9.3m) and manufacturing £23.3m (£22.1m). Falls in profits were recorded. Falls in profits were recorded by financial services, £23.9m, compared to £30.7m, and gen-eral trade, £16.8m, compared to £18.2m

The report also points out that Mr Rowland, having reached the age of 70, will have to formally retire: This is required by law. However, he will be proposed for re-election as chief executive at the annual meeting and, under the company's articles of association, will not have to stand for re-

election in subsequent years.
Last year's annual meeting saw an attack on Lourho's accounting policies Isunched by accounting policies Isunched by associates of the Egyptian Al-Fsyed family, which is involved in a bitter dispute with the group over the Al-Fayeds' take-over of House of Fraser in 1985. The Al-Fayeds have promised that the latest set of Lonrho accounts will be sobjected to the closest scrutiny.

the closest scrutiny.

The report also notes that last year Lonrho scculred a tentile company in Zimbalwe in partnership with Zanu(PF), the

Pleasurama hotels purchase

BY HEATHER FARMBROUGH

up Barbican rights issue

Barbican Holdings, a loss-

making industrial and property holding company, announced

that nearly 47 per cent of its \$4.4m, two-for-one rights issue

had been left with the under-

Mr Peter Parkinson, finance director, said Barbican, which is quoted under Stock Exchange rule 535(2), was hoping to apply to the Exchange for a

quotation on the Unlisted Secu-rities Market. He said he was satisfied with the outcome of the rights issue.

"We felt, given the state of the market and the state of

The company had told its

The October market crash left

Kwahu Company in loss for the half year ended December 31 1987. A provison against the

fall in investments of nearly \$400,000 (\$27,300) made above the line meant a loss of \$360,500 (profit \$75,400).

Net assets per share at

December 31 were 28.97p, compared with 35.3p.

Future results, would be

heavily influenced by the per-formance of the 85.4 per cent owned Aluminium and Timber

Total last year

Securities.

DIVIDENDS ANNOUNCED

Dividends shown pence per share net except where otherwise stated. Figuryalent after allowing for scrip issue. TOn capital increased by rights and/or acquisition issues. §USM stock. Unquoted stock. Third market Except stock.

SPONSORED SECURITIES

Kwahu in loss

shareholders that the s

By Andrew HIN

rises £1m group, has announced the acquisition of three Scottish DESPITE BEORGANISATION costs in the UK of \$3.5m this time. Albright & Wilson raised trading profits by \$1m to a record \$46.5m to 1987. Sales of this subsidiary of Tenneco International Holdings were marginally lower at \$650.2m, against \$2651.7m.

Profits in Europe (including the UK) improved by one—third to \$29m, before reorganisation costs, but were \$3m lower in the Americas where margins hotels for its wholly owned subsidiary, Norscot Hotels. The total consideration is thought to be worth some \$1.5m in cash. "We are trying to expand our Over 53% take

the Americas where margins were squeezed. Sales volumes were up 7 per cent in Europe, but the weak dollar reduced the sterling value of North American sales and contributed to lower selling prices in Europe. Exports from the UK were £116m, represent-ing 40 per cent of sales of UK origin. About \$2.36m was raised from existing shareholders who subscribed to 53.1 per cent of the issue, the proceeds of which will be used partly to fund the purchase of eight properties, mainly in Scotland and the north of England.

Dominion cuts oil group stake

By Flona Thompson

Dominion . International Group, the financial services, property and natural resources group, has sold 8.6m shares in Southwest Resources for \$1.7m, reducing its holding in the oil and gas company from 59 per cent to 43.1 per cent.

Dominion put its stake in Southwest up for sale last Octosouthwest up for saic last Octo-ber, in line with its policy of decreasing its involvement in the oll iodustry. Talks were progressing on the balance which might lead to an offer, the company said yesterday!" Dominion also announced

Barbican, that it was a very good result - in fact, much bet-ter than we had expected," he said yesterday. that It had acquired the rights to buy 1.63m ordinary shares in Intex Holdings (Bermuda) at \$1 per share, up to November 1992, for a combined consideration of \$2.1m. Dominion aiready holds 1.5m Intex shares, representing a 28 per cent stake. vival of Barbican was totally dependent on the result of the

mrity is

Intex is based in Bermuda and operates the first fully automated futures exchange in the world.

Pict Petroleum

Fil Group int Scholes (Geo) int Scot East Inv fin Temple Bar Inv fin Vickers fin

Pict Petroleum has stayed in profit for the half year ended December 31 1987, making \$85,000. That followed the £154,000 earned in the second half of last year, after the opening six months' \$256,000 deficit.

Stuart Lee, finance director.
Pleasurama bought its first continental hotel, the Thermae Palace Hotel, Ostend, in January.
The three star Scottish hotels in increase its earnings from hotels and hotels and hotels are the Paral Mariana hotels. Pleasurama, the lelsure

are the Royal Marine Botel at Nairn, with 44 bedrooms, and the 73 bedroomed Great Western Hotel at Oban. The pur-chases will be completed oo March 9 and 16 respectively.

Pleasurama has 43 hotels in the UK, and Is seeking to increase its earnings from botels and holidays while reducing its dependence on gaming. This year, around 22 per cent of earnings are expected to come from the hotels and holidays division.

European radio stake for Capital

Capital Radio, an independent London radio station, yesterday acnounced its first move into commercial radio in Europe with the acquisition of a 60 per cent holding in Riviera Radio, an PM service with Sections of a 60 per cent holding in Riviera Radio, an PM service with Sections in FM service with facilities in Monte Carlo and nearby Vantimiglia, Italy.

Rivlera Radio has more than 100,000 English-speak-ing listeners, while Capital boasts 3m regular listeners

a week.
However, Mr Nigel Walms-ley, managing director of Capital, said that Capital's coetribotion would be to

*We can interest London-based advertisers and offer some marketing services back-up," be said.
"As Riviera Radio bas a general manager, we would be the London end," he

The remaining 40 per cent interest in Riviera will continne to be held by Wexel Securities, a Monaco-based

financial services company. Capital is buying its shares from the Australian Linter Gronp, which will receive £130,000 and about 30 per cent of the profits over the next three years. Riviers has recently been re-equipped and re-organ-ised under new manage-

F&H warning lops 16p off share price

SHARES OF F&H Group, which the automation of industrial production, fell 15p to 75p yesterday after the company predicted that its results for the six months ended October 31 1987 would show a loss.

The company was due to release its interim figures this Thursday, but the directors said vesterday that the results

said yesterday that the results would now be announced on March 17.

Mr Roger Antrobus, finance director, would not comment on prospects for the full-year fig-ures beyond saying he was opti-

He said a package was being put together at the moment to provide further equity "to strengthen the balance sheet' as the company was over-geared, and to allow for expan-sion.

Pre-tax profits for the year to April 30 1987 fell to \$840,000 from \$1.82m.
The compsny, which joined the USM in August 1986, has relied heavily on the UK motor industry, which has tradition-

ally accounted for 60 per cent of sales. It is part of the company's strategy to reduce this depen-

Arco declares bid unconditional

The \$2-per-share bid by Atlantic Richfield, the US oil com-pany, for Tricentrol, Britain's second largest independent oil company, was yesterday declared wholly unconditional, writes Steven Batler. Arco owns or holds acceptances for 64.7 per cent of Tricentrol's

share capital Arco and Tricentrol have

agreed on a proposal by which approval by the holders of Tricentrol convert-stock and warrants.

ible loan stock will be offered \$120 in cash for each \$100 nominal value of stock. The proposal values the outstanding convertible loan stock st

Warrants are to be cancelled upon payment of 10p in cash each, for a total of \$472,500.

The proposals are subject to approval by the holders of loan

Temple Bar improvement

On earnings ahead from 6.86p net asset value per share was to 7.21p in 1987, Temple Bar up from 208.74p to 232.89p investment Trust is raising its with prior charges at par, and dividend from 6.25p to 6.95p. The final is 4.31p. At year end charges at market value.

Rotterdam

The Financial Times proposes to publish this survey on:

29th March 1988

Mr Richard Willis, Financial Times (Benehox) Ltd Herengracht 472, 1017 CA Amsterdam on (020) 23 94 30

or write to Mr Robert Leach st

Bracken House 10 Cannon Street London EC4P 48Y

FINANCIAL TIMES

Small **Business**

The Financial Times proposes to publish this survey on:

22nd April 1988

For a full editorial synopsis and details of available advertisement positions, please contact:

Brett Trafford on 01-248 \$116 or write to him at:

Bracken House 10 Cannon Street London EC4P 4BY

FINANCIAL TIMES



ROLLS-ROYCE MOTOR CARS

Profit before interest up 26%. 70% of sales exported increases recorded in USA. Europe and Far East. Sales of Bentley increased by 29%.

Sales £186.2m (£175.1m) Profit before interest £22.0m (£17.5m)



HOWSON-ALGRAPHY PRINTING PLATES Howson-Algraphy exports to some 100 countries.

Further success in Far East. Strong growth achieved in North America. Sales increased by 15%.

Sales £155.3m (£135.4m) Profit before interest £18.7m (£17.5m)



DEFENCE & AEROSPACE New factory built in just 48 weeks. Widest range of armoured fighting vehicles in the world. Improved trading performance.

> Sales £136.9m (£82.8m) Profit before interest £12.7m (£9.2m)



BUSINESS FURNITURE 6 international manufacturing locations. Sound growth in UK but trading difficult in France and US.

Sales £109.8m (£106.2m) Profit before interest £5.lm (£6.4m)



IARINE ENGINEERING 73% of sales overseas. Notable success in USSR. Far East and US. Manufactures in the UK, US and Europe. Improved performance despite difficult market conditions.

> Sales £87.4m (£83.3m) Profit before interest £3.4m (£2.3m)



MEDICAL & SCIENTIFIC EQUIPMENT World leader in neonatal intensive care equipment. Manufactures almost 50" of the world's baby incubators. 7 major new products launched during 1987.

> Sales £70.3m (£44.7m) Profit before interest £6.0m (£4.7m)

To appreciate Vickers international performance, just examine these figures.

RESULTS IN BRIEF	1987 £m	1986 £n
Sales	788.3	691.8
Profit before taxation	62.6	54.0
Profit after taxation	45.3	39.3
Shareholders' profit	42.3	31.
Dividends	(17.5)	(15.2
Profit retained	24.8	15.9
Earnings per 50p Ordinary Share	17.4p	16.

HIGHLIGHTS FROM THE CHAIRMAN'S STATEMENT

"1987 was a year of continuing progress. Pre-tax profits increased by 16%, on sales up by 14%. Our three largest businesses recorded particularly worthwhile increases. Capital expenditure rose by 48% and gearing was reduced from 33% to 28%.

The final recommended net dividend of 4.0p makes a total of 6.7p for the year, a 12% increase on 1986.

I remain confident that, despite some international economic uncertainty, our strong portfolio of businesses will provide further opportunities for earnings growth in 1988."

Vickers RLC., PO Box 177, Millbank Tower, Millbank, London SWIP 4KA. The full Report and Accounts will be posted to shareholders on 21st March, 1988. The Annual General Meeting will be held at 12 noon on 28th April, 1988 at Millbank Tower

Yield % P/E 47 7.1 \$3 Campany

135 Ass, Bris, Ind. Delinery

145 Ass, This, Ind. CURS

240 BBB Dergo-gross (USA)

150 Bardyn Crabs

150 Bardy Crabs

150 CCL Campany

150 CCL Campany 10.0 37 88 17 368 32 117 45 65 114 182 182 183 28 51 OCL Group 115 Constitut ---hin Ordinary vin 7.5% Prof 3,4 38.6 2,7 23.7 37 191 33 125 43 127 122 55 64 27 30 34 164 6.2 designated (SE) and (USH) are shall be designated (SE) and (USH) are shall be Granville Davies Coleman Limited 8 Lover Lane, London ECJR 88P Telephone 01-621 1212 Grenville & Company Limited & Lorer Lane, Lundon ECJR 88P Telephone 01-0-1 1212 Member of FIMBRA

Nikki Tait details Ivory & Sime's complex reorganisation of three trusts

Attempting to remove the predatory threat

CORPORATE ACTIVITY may be suffering from a market-induced lull generally, but that is not the case in the investment

trust sector.
An inevitable post-crash widening of discounts - the difference between a trust's share price and the valus of its underlying assets – has tended to attract new adventurers and done nothing to dispei preda-tory fears among incumbent

nanagements.
So it is scarcely surprising that the steady stream of reconstruction schemes keeps coming. The past month has seen three pians unveiled involving five trusts and more than \$600m of assets.

Underlying these schemes, and the basic discount problem, is a widely-admitted oversupply of trusts. There are about ply of trusts. There are about 170 investment trusts in England and Scotland. Many obligingly transformed themselves into specialist funds in the early-eighties only to find that this niche service, often a geographical specialisation, was something that institu-

More surprising, to some shareholders disturbing, is the growing ingenuity of the reorganisations suggested

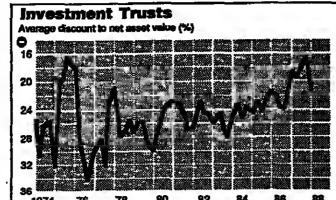
the bulk of the fuods under

management group, proposing a three specified investment comcomplex rejig of three trusts, banies, which one depends on
but on the way it plans to
launch the first, generallyavailable indexed security,
performing directly in line with
the FTA All Share Index the FT-A All Share Index.

MIM's controversial reorganication of the Drayton Japan the first and third options.

And it points out that anyone trust follows the now-familiar and third options.

It is the Selective Assets fund split level trust conversion which breaks now ground.



cash in, or value, holdings as close as possible to net asset value. However trust managers are anxious to retain the maxi-mum funds in a popular vehi-

Old-style unitisations or conversion into unit trusts rarely achieve more than 95-6 per cent of net asset value. Advisers reckon they can do better.
That claim will face an interesting test this Thursday when

the lvory & Sime scheme comes to the vote. Not all the 10,000 tional investors were increaslngly able supply in-house.

A pre-emptive reconstruction scheme, which eliminstes, or aubstantially reduces, the discount, aims to remove that predatory threat and to secure the hulls of the funds under the hulls of

Package one is a mix of equi-ties and loan stock in a new existing management.

More surprising, to some shareholders, disturbing is the growing ingenuity of the reorganisations suggested.

For example, not only is Ivory & Sime, Edinburgh-based invoives a swap into one of management group, proposing a complex relig of three trusts.

SHARE STAKES

Changes in share stakes (5.7 per cent).

Announced in the past week included:

Asset Trust - Mr B. Banks, a Co has increased by 25,000 efficial owner 100,000 ordinary, director, and his family own shares to 5.11m.

Local London Grapp - The resultant total voting per cent of the equity.

Casket - director Mr Harry settlement have sold 724,875

Turpin has purchased 210,000 ordinary at 445p each. As a coursed a further 5,000 ordinary and now holds 95,500

ordinary shares at 79p each, result Robert and Graham nary and now holds taking his holding to 800,000 Bourne are beneficially inter- shares (13.64 per cent).

route offering varieties of income and capital shares. But in an added refinement Drayton plans the first "pure" income ahare, offering a 10-year income stream but almost no capital repayment.

The pressures prompting these innovations are two-fold. There is a desire among certain institutional shareholders to cash in, or value, holdings as close as possible to net asset

growth achieved by the trust once the ioan stock requirements have been met.
The trust's managers, how-

ever, simply invest total money opting for this package to the best of their ability. To the extent that they outperform the All-Share, the ordinary shares enjoy geared-up success. If they underperform, the gearing works in reverse. For example if managers

improve the value of a fund from £100m to £300m in a period when the All-Share only doubles in a conventional trust, an ordioary sbare backed by 100p worth of assets initially would end up backed by 300p. An ordinary share in a fund with 40 per cent "index gearing", would end up backed by 367p.

The fundamental questionability to outperform. industry's track record is not universally encouraging and the gearing factor works in reverse when performance is below that of the index. Ivory's answer is blunt. Either you believe to the valid-ity of active fund management or you do not If you do not, then frankly it is a mystery as to why you hold investment trusts at all.

option three is the complicating factor and a reflection of that is just painfully familiar. It is a long-standing grouse which has never brought any joy from the Takeover Panel.

About 8 per cent of Japan Assets money is tied up in a 37 per cent stake in Nippon Assets, co-advised by lvory and Nippon Investment & Finance. About 11 per cent of Edinburgh Assets assets are invested in About 11 per cent of Edinburgh
Assets assets are invested in
GBC Capital, a Canadian-based
investment company which is
turning itself into a mutual
disgruntlement

With the exception of a is difficult reduced holding in GBC, Ivory intends to part with these investments. If insufficient the decision investments. If insufficient shareholders opt for package three, Independent/Nippon/GBC shares will be allocated to shareholders who only for the want Atlas units.

convertible loan stockholders in

proportions faces the same risk claim that both alternatives fail as if the fund had a single to compensate fully for the preshare class.

If the Selective Assets Trust their present investments.

If the Selective Assets Trust is an elegant innovation, the rest of the Ivory scheme is more complex.

The Atlas fund is not new, witness TR Pacific Basin's cross-holdings. It could, more reconstruction. Critically, the over, be obliged to pay Ivory Luxembourg company is management termination fees—open-ended, so units in its fifteen sub-funds should, like unit of Japan Assets, ½ per cent at trusts, trade at about net asset value. The option will suit Edinburgh American—someshareholders wishing to cash in or value their holdings at close to nav.

Option three is the complicat—on the warrants/convertibles,

That should not pose too big a problem. In the distribution, Independant shares will be valued at a 23 per cent discount to nav, GBC at a 16 per cent discount to nav, GBC at a 16 per cent discount and Mippon at a 20 per cent discount.

But in terms of the reconstruction overall, allowance for these discounts, combined with the general expenses of the operation and, in the case of Atlantic, for the protection of existing warrantholders' time value, makes the bottom-line look unappealing. Anyone simply wishing to cash in a holding in Atlantic, for example, would only get about 90 per cent of preseot nav, in Edinburgh American, 92-93 per cent and in Japan Assets, Under the terms of the total votes already cast or declared, 90 per cent are in favour, including Anglo & Overseas, the Morgan Grenfell-managed trust which holds 29 per cent of JAT and has made its support public lovy also points out that if the Japan Assets scheme fails and is replaced by either a liquidation/unitisation or a bid, convertible ioan stockholders would find themselves without a vote.

There is the additional problem in the discount of the 10-20 per cent of total votes already cast or declared, 90 per cent are in favour, including Anglo & Overseas, the Morgan Grenfell-managed trust which holds 29 per cent of JAT and has made its support public lovy also points out that if the Japan Assets scheme fails and is replaced by either a liquidation/unitisation or a bid, convertible ioan stockholders would find themselves without a vote.

Even well-versed analysts concede that the degree of disgruntlement is difficult to gauge. What they do suggest is that the decision will be critical for the sector.

that the decision will be critical Japan Assets, Under the terms of the reorganisation, they are obliged either to exercise/covert their holdings early or to receive a cash sum in lieu. Although the cash sum cannot be precisely defined until liquidatioo, critics of the scheme that the decision will be critical for the sector. If institutions reject this one, managements can be expected to tread more warily. And while institutions may then while institutions may then get their full pound of flesh, the rush of pre-emptive reorganisations could itself abate.

Expanding Smallbone makes £3m cash call

Smallbone, the up-market hitchen, bathroom and bed-room furniture supplier, is to raise \$2.96m through a rights issue. The company plans to expand its UK and US operations and to branch out into furnishings for the whole house. Smallbone includes five

wholly-owned companies. Its core business, Smallbone of Devizes with 14 UK show-rooms, makes and installs hand-made fitted kitchens, hand-made litted kitchess, bedrooms and bathrooms. BC Sanitan is a wholesale distributer of bathroom fit-tings; And So To Bed sells luxury brass and wooden beds from seven outlets;

beds from seven outlets;
Pipe Dreams selis luxary
bathroom products from
three outlets and Smallbone
Inc sells Smallbone of Devizes products in the US.
The US operation began
cantionaly last March with
a single showroom in Manhattan selling only kitchen
products. However, demand
has exceeded expectations,
with sales of over \$2.8m with sales of over \$2.8m (\$1.6m) to the end of last month and deposits taken on anticipated sales of more than \$5m.

The US expansion plans include a 7,500 sq ft show-room in Los Angeles and a second outlet in Manhattan. Both will open this spring and sell kitchen, hathroom and bedroom furniture, according to Mr Graham Clark, managing director.

Longer term, the company wants to expand its range to include furnishings for to incinde furnishings for the wholo honee. The recently opened showroom in the Fulham Road, Lon-don, includes panelling for living rooms, and free standing furniture such as bookcases, bureaus, dining tables and chairs, sofas and soft furnishings.

"This showroom is highly indicative of the way we want to go," said Mr Clark, "both in the UK and the

The rights issue is of 3.1m, 7.25 per cent convertible redeemable participating preference shares at \$1 per share on the basis of 55 for every 100 ordinary shares held. The issue has been fully underwritten by Standard Chartered Merchant Reply

FII Group raising output to fight import growth

BY ALICE RAWSTHORN

FII Group, footwear manufacturer, saw profit margins tomers had already been fall during the first half of the year when pre-tax profits rose by just 6 per cent to \$3.2m on turnover which increased by 45

by just 6 per cent to \$23.2m on turnover which increased by 45 per cent to \$23.9m.

Mr Monty Sumray, chairman, attributed the fall to the intensely competitive nature of the footwear market. He said that the more complex style of shoes had increased the labour content. An increase in imports of Far Eastern shoes, which imposed price pressure on the retail market, engured that the increase in costs could not be passed on.

The increase in imports from the opening months of 1988. Mr sumray intends to combat the problem by increasing sales volume by gaining new customers and possibly by moving into new areas of the market.

"Our strategy is to produce even more shoes, possibly at lower margins, to increase the volume of profits and earnings per share," he said.

In the six months to November 30, earnings per share fell to 17.4p (21.6p). The the interim dividend is being increased to 3.25p (3p).

At the end of the period Fil held \$2.5m in cash, which will enable the group to continue its capital expenditure programme to increase capacity and advantage that by any objective measure, whether profit of increase capacity by about 5 per cent.

TSB (NI) £500m assets

PRE-TAX profits of \$8m were returned by Trustee Savings ley Rainey, the bank's chairman, referred to the ongoing ing the period from November 20 1986 to October 31 1987. The oew year-end stemmed the package had been launched to the original product the said an attractive package had been launched to the original product the said an attractive package had been launched ing the period from November 20 1986 to October 31 1987. The oew year-end stemmed from a change in the TSB group accounting date.

For the first time balance that forting grounded \$500m.

sheet footings exceeded \$500m in a year which was shortened by three weeks. Bank advances to customers rose by 17 per cent to £116.6m, and deposit balances were up 9 per cent at

To provide additional facilities for customers, a subsidiary is being incorporated in the Isle

In his annual report, Mr Stanrecently to offer services to the professional market, with a specialsection for the legal pro-

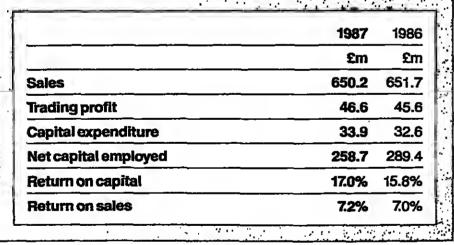
AGB Research

AGB Research is acquiring a 60 per cent interest in the MRL Research Group, one of the largest market research compa-nies in New Zealand. AGB said the acquisition com-plemented its existing business in New Zealand.

APPOINTMENTS

Central TV commercial director

albricht & Wilson 1987 RESULTS



The above figures and the notes below relate to the Group managed by Albright & Wilson, including companies owned directly by Tenneco.

A record profit was achieved in 1987 despite incurring reorganisation costs in the UK of £3.5 million.

Profits in Europe (including the UK) improved by one-third to £29 million, before reorganisation costs, but were £3 million lower in the Americas where margins were squeezed.

Sales volumes were up 7% in Europe, but the weak dollar reduced the sterling value of North American sales and contributed to lower selling prices in Europe.

Exports from the UK were £116 million, representing 40% of sales of UK origin.

An important new plant for purifying phosphoric acid was commissioned in the UK and a joint venture in the USA with Texasgulf Inc. for purified phosphoric acid was announced.

An ethoxylation plant in Singapore, jointly owned with an ASEAN partner, was commissioned.











During 1987, a restructuring of operations was completed, to give sharper strategic direction and s shorter chain of command. There are now four main groupings:

comprising three Business Groups -Detergents, Phosphates and Resins Organics - with the European headquarters at Warley, Birmingham.

combining all operations in the USA and Canada, with headquarters in Toronto and a corporate office in Richmond, Virginia.

covering manufacturing companies in Singapore and Malaysia, offices in Hong Kong, Japan, South Korea and Taiwan and jointly-owned companies in the Philippines, Singapore and Thailand, with headquarters in Singapore.

comprising manufacturing operations in Australia and seeling company in New Zealand, directed from Melbourne.

The Group Head Office remains in

Copies of the Review of the Year may be obtained from Corporate Public Relations Department at the address below after 28th Merch 1988. Albright & Wilson Ltd., 1 Knightsbridge Green, London SW1X 7QD



projects.

Mr Graham Cocks, former chief dealsr at the Bank of England, joins the treasury team at THE FIRST NATIONAL BANK OF BOSTON as corporate and institutional marketing and institutional market

appointed managing understand appointed managing director of Buipitt Engineering and B.K.B.
Electric Motors.

**

Mr Timothy Richard Hornsby has been appointed director general of the NATURE CONSERVANCY COUNCIL from May I. He succeeds Mr Richard

23rd February, 1988

Mr Trevor Deakin has been BELHAVEN BREWERY CO., appointed to the board of GRIF- has appointed Mr Timothy FIN FACTORS, factoring house King as managed end tied sales subsidiary of Midland Bank. He director, a new post. He will be was senior manager operations.

Mr Andrew L. Smith has been from Bass, Mitchell's and Butappointed managing director of lers, where he was sales adminted the property of the company. He

Mr Alan Bunnicles, managing May I. He succeeds Mr Richard director of Try Build, and Mr Steele who retires at the end of Frank Nelson, group financial June. Mr Hornsby is being seccontroller, have been appointed onded for three years from the

U.S. \$50,000,000

Fuso Pharmaceutical Industries, Ltd.

31/4% Guaranteed Bonds due 1991

with Warrants to subscribe for shares of common stock of Fuso Pharmaceutical Industries, Ltd.

To the Holders of the above-captioned Warrants: You are hereby notified that, as a result of a free distribution of shares of common stock

notified that, as a result of a tree distribution of shares of common stock of Fuso Pharmaceutical Industries, Ltd. to the shareholders of record at 61 Sts March, 1988, Japan time, at the rate of 0.10 shares for each share held, the Subscription Price of the above-captioned Warrants will be adjusted pursuant to Condition 7 of the Warrants under the Instrument dated 8th May, 1986 from Yen 1,607.20 to Yen 1,461.10 per share, effective as from 1st April, 1988, Japan time. The date of issue of the shares to be issued upon such free distribution is 1st May, 1988.

Puso Pharmaceutical Industries, Ltd. 50 Doshomachi 2-chome, Higashi-ku

Osaka, Japan By: The Daiwa Bank Limited as Fiscal Agent

THE BUILDING RESEARCH
ESTABLISHMENT has
appointed Mr Michael Baker
as deputy director to succeed

Mr Roger Courtney who

Dalgety forms agribusiness operating group

Baker, who was an assistant director, will continue to manage the materials divisions, including the Princes Risborough Laboratory.

**

ROBINSON PACKAGING has appointed Mr Richard Merrick to the newly-created post of business development manager. He was with Ross Young where he was fish group marketing manager.

**

BBN COMMUNICATIONS bas appointed Dr Ken Pearson as sales director. He was manager, network consulting.

BECULD

DALGETY has formed an agribusiness operating group which brings together the former agriculture and gensral products divisions of Dalgety U.K. and the international operations of the Pig Improvement Company. Mr Bryan Fawcett, managing director of Dalgety Agriculture is appointed Chief executive. Mr Ron McCreery becomes commercial director. The new managing director of Dalgety Agriculture is Mr Paul Kirk. Mr Richard Clothler is appointed to the new post of chief executive, Pig Improvement Company, responsible for ail UK and internstional operations.

1

Halifax Building Society

Hosting Rate Loan Notes 1996 For the three month period from 22nd February, 1988 to 23rd May, 1988 the Notes will bear interest as the rate of 97 per cent. per annum. The Coupon amounts will be £117.32 per £5,000 Note and £1173.24 per £50,000 Note, payable on 23rd May, 1968.

Morgan Grenfell & Co. Limited Agent Bash



The Kingdom of Denmark U.S. \$500,000,000

Floating Rate Notes due February 2004 For the six months 19th February, 1988 in 19th August, 1988 the Notes will carry an interest rate of 71/6% per annum with a coupon amount of U.S. \$363.37 per U.S. \$10,000 Note, and U.S. \$9,084.20 per

U.S. \$250,000 Note, payable on 19th August, 1988. Listed on the Luxembourg Stock Exchange Bankers Trust

NOTICE OF REDEMPTION

TBG Finance N.V.

(Guaranteed by TBG Holdings N.V.)

On March 25, 1988 the Redemption Price will become due and payable and thereafter interest on the Notes shall cease to accrue.

TBG FINANCE N.V.

DATED: February 23, 1988

حكذا من الأصل

Company, London

To the Holders of 10%% Notes Due 1990

NOTICE IS HEREBY GIVEN to the bolders of the outstanding 1076% Notes Due 1990 of NUTICE 15 REREST GIVEN to the motions of the outstanding 10/20 roots for 1990 of TBG Finance N.V. (the "Notes") that, pursuant to the provisions of the Indenture dated as of April 25, 1985 among TBG Finance N.V. (the "Company"). TBC Holdings N.V. (formerly Thyssen-Bornemista N.V.), as Guarantor and Morgan Guaranty Trust-Company of New York, as Trustee, and the Terms and Conditions of the Notes, the Company has elected to and will redeem on March 25, 1988 U.S. \$50,000,000 representing all of the outstanding Notes, at a redemption price equal to 101.5% of the principal amount thereof plus accrued interest to the redemption date (the "Redemption Price").

Payments of principal and promium will be made on and after March 25, 1088 against

Payments of principal and premium will be made on and after March 25, 1988 against presentation and surrender of Notes with all unmatured coupons attached, in U.S. Dollars, subject to applicable laws and regulations, at the offices of any one of the European Paying Agents

Coupons due March 25, 1988 should be detached and will be paid in the normal manner on or after March 25, 1988.

By: Morgan Guaranty Trust Company

Um asser

of Source

Bullety in

4.1.1 (3.2.5)

gar talling

Next month, the Merseyside Enterprise Board will launch a \$1.6m unit trust to back a \$1.6m unit trust to back small businesses. The money will come from the pension funds of the universities, British Aerospace, and the London borough of Camden. The trust will make investments up to \$200,000.

In April the board will take its next mains the board will take

In April the board will take its next major step, a joint investment company with Wirral Borough Council. The council will put in £100,000 — and National Westminster Bank a ten-year loan of £900,000, to be repaid in the second half of the term when equity stakes in growing busiequity stakes in growing businesses should be paying off.

Three more \$1m joint

Three more Sim joint investment companies are expected to be announced with other Merseyside boroughs - Liverpool, Sefton and Knowsley - before the end of the year, each getting the bulk of its money from a different cleaning hank

ferent clearing bank.

Barclays Bank, however, is already active. It has given the board a \$1m unsecured "evergreen" loan for general
use. This will be a rolling
fund, always topped up by
the bank to the £1m mark and requiring no repayment. The interest will have to be paid, but the rate is generous, allowing the board itself to lend competitively.

Meanwhile, the board will be playing a leading role in a major Liverpool inner city development, setting up and backing a black ethnic busi-ness centre for the Toxteth and Granby areas near the Cathedral and Chinatown. The Government will be put-ting up £100,000 via the urban programme to get it

All these things are signs that after four-and-a-half years of political and leader-ship problems and a series of unfortunate fits and starts, the Merssyside Enterprise Board is beginning to emerge as the force for small business that it was supposed to be. It could be an important spur to Merseyside's revival.

cal hue, its chairman has resigned from the Labour Party, there is clear half. Party, there is clear balance of political and commerical views in the MEB's boardroom and the ensuing per-ceived neutrality is allowing the £3.2m it had allocated to it to bridge gaps between pub-

lic and private sectors. Board members include Merseyside enterprise

Emerging as a real force

BY IAN HAMILTON FAZEY



A series of enterprise measures on Merseyside is now getting off the

got the money for from pen-

sion funds had to be aborted

and the cheques returned. By this time, the county

council had been abolished

but business confidence in

and on Merseyside was being

severely damaged by the

political turmoil generated by the Liverpool Militants. This

made it impossible to get Mer-seyside's boroughs to agree on anything, let alone the future of a struggling enter-

community was shaky and there was a pressing need to

prise board.

Stephen Dennison, deputy was sorely damaged because chief executive of the Ocean a unit trust he had already shipping and industrial group. Given the board's history, the wonder is that it is still operating. It was set up in 1983 by the Labour-controlled Merseyside County Council to help ensure that venture and development capital was more readily available locally to help develop small business.

It struggled, partly because of Labour Party turmoil, according to John Duncan, the chairman. He stepped into the job full-time in 1986 after the county council - he chaired its economic development committee - was abolished.

high spending, most notably subsidised public transport. Things got worse when the council took back £1.2m of the money to fund unemployment resources centres and

\$10m target will certainly be reached when all the joint investment companies with the boroughs and banks have

Labour politics and became nationally infamous for an attack at the 1985 Labour Party conference on John Evans, the MP for St Helens North, who wanted one-per-

son-one-vote in leadership and reselection procedures.

The warfare that followed saw St Helens' two constituency parties suspended, their sitting MPs re-selected and re-sele

sitting MPs re-selected and re-elected last June, and Duncan facing disciplinary charges.

By resigning from the Labour Party, Duncan has made the issue a dead one for the board, which he chairs full-time on salary. His comfull-time on salary. His commitment is doubly apparent in terms of appearance. Gone is the leather jacket and the scruffy Image. He now dresses well.

"I wish I'd known in 1981 what I know now," he says ruefully. "But then we can all say that, can't we? If we don't

learn by experience, what are we doing?"
Abbott says that Duncan's

experience, contacts, and political wheeler-dealing skills also saved the board. "We could not have done what we have without them," he savs.

Duncan's key achievement looks like being getting the Merseyside boroughs - three of them Labour, two of them "hung" - to agree future joint funding of \$200,000 a year to help support the 22-staff

Pro rata apportionment on a population basis will mean that Liverpool will pay most, but the Government will help it to do so through the urban programme - another indica-tion of the board's acceptabil-

Duncan says: "When Ken Abbott took over as chief executive in September 1986 the board had only its original The board has £1.9m invested in 19 small or growing businesses. Its biggest deal was £300,000 to help Powell and Scholefield, the \$2m available for invest-ments, its standing in the local and national financial long-established Liverpool biochemicals group, to expand into Wavertree Technology secure financial support from Park. The quality of proposthe Merseyside boroughs just to keep going."

Park. The quality of propostals is improving, so risks will probably diminish.

to keep going."

Abbott, with wide experience of private sector manence of private s Board members include ment resources centres and accountants Arthur Young, and Ronnie Fearn, a former bank official who won South-port for the Liberals at the General Election. The new cancer and died. Credibility of paying against its abolition.

The new came from Bert Twaalfhoven, agament, set out to get invest sector mannaters politically on Mersey-agement, set out to get invest saide. There were 994 jobs among the 19 investments when they started. The aggrebank official who won South-port for the Liberals at the General Election. The new executive, when he developed unit trust is to be chaired by cancer and died. Credibility agement, set out to get invest saide. There were 994 jobs among the 19 investments when they started. The aggrebank official who won South-port for the Liberals at the General Election. The new executive, when he developed unit trust is to be chaired by cancer and died. Credibility against its abolition.

The new executive, when he developed that he is succeeding. The sector mannaters politically on Mersey-agement, set out to get invest among the 19 investments when they started. The aggrebank of findustrial holding company.

The new executive, when he developed are now unfolding suggest that he is succeeding. The sector mannaters politically on Mersey-agement, set out to get invest among the 19 investments when they started. The aggrebank of findustrial holding company.

The new executive, when he developed are now unfolding suggest played on Mersey-agement, set out to get invest among the 19 investments when they started. The aggrebank of findustrial holding company.

The Americans raise large business most of it has a sum to back this sum to back thi

Development agencies need sharper focus

been set up.
Duncan, a former teacher in
St Helens, was also one of the
board's credibility problems.
He was active in St Helens
Labour politics and became
Labour politics and became
Tabour
Tabour Charles Batchelor on a study of policies and their effectiveness activities more carefully. This conclusion emerges from a recent study of nine development agencies and enterprise boards with a combined total of \$200m to invest.

of £200m to invest.

While most of the agencies set out to plug the gaps in conventional sources of finance they do not appear to have thought particularly hard about the policies needed to meet these objectives the authors set.

tives, the authors say.

The agencies do not try hard enough to concentrate on investment projects which could not obtain backing elsewhere, nor do they attach much weight to the level of employment generated by their investments.

The Loan Guarantee Scheme one of the most controversial of the British Government's initiatives to help small business, is currently undergoing a thorough review. National Economic Research Associates, a private consultancy, is nearing the end of a project for the Department of Employment to judge the scheme's effectiveness.

at questions such as: Would the business have still existed, perhaps on a smaller scale, without the scheme? Has it used the finance to

change the balance in its use of capital as against labour? Has the finance been used to pay off existing debt?
 Has the finance been

In brief. . .

WHY DO SOME young companies grow to operate on a European scale while others remain restricted largely to their own home markets?

The European Foundation for Entrepreneurial Research has been set up with the backing of businessmen around Europe to try and find ths answers.

They do not appear to show a particular willingness charge a rate of interest any to take risks, the authors lower than that demanded by the clearing banks. In fact many agencies expect to make a normal commercial return. In defence of the agencies, a number are required to pay back private institutional funds which require a com-

The agencies are prepared to take smaller equity stakes than conventional commercial investors but most of their funding is provided as loans, which are also available from

mercial return, the study

The degree of conservatism shown by the agencies in their lending policies is reflected in their default ratios. These varied between 3 and 30 per cent but on aver-3 and 30 per cent but on aver-age were not high and did not thereafter they must target Business School.

The agencies are, however, willing to accept a lower level of security than would be expected by a bank and they are generally opposed to the idea of requiring personal security for a loan.

The report concludes that

there is scope for the agencies to improve on the financial help they give small firms. If their own borrowings from conventional sources of finance limit the extent to which they can take risks they should consider whether they should continue to raise funds from these sources.

lf investment funds are required to be self-supporting they should establish a basic portfolio containing some

lending on deserving cases which cannot find funds else-

where. They must also accept that They must also accept that if their role is to plug the gaps in convential financing sources their rate of return on investments will be lower

cial sector, the authors say. The agencies studied were the Highlands and Islands Development Board, Scottish and Welsh Development boards and development cor-porations of Greater London, Greater Manchester, Lanca-shire, Merseyside, West Mid-lands and West Yorkshire.

*The need for, and effectiveby regional agencies. A working paper by Grahom Holl

Study to assess benefits of loan guarantees

taken out in the form of extra 'were not repaid. holidays or smarter cars for the directors?

cheme's effectiveness.

The consultants are looking has simply helped individual firms or whether it has benefited the economy as a whole. Introduced in 1981 to persuade banks to back poten-tially viable small businesses

increase output or simply to this type of lending meant while borrowers pay a 2½ per many of the earliest loans cent premium on 70 per cent

which might otherwise not a £75,000 loan (or several meet their lending conditions, the Loan Guarantee Scheme has had a chequered history. The banks' inexperience with

preneurship and the growth of companies on a Europe-

It plans to hold annual conferences on the subject starting with one in December at IMEDE, a business school at Lausanne, Switzerland. The first conference will be chaired by Sue Birley, profes-sor of entrepreneurship at

ment in Britain. The Idea for the foundation came from Bert Twaalfhoven,

Cranfield School of Manage-

ened up the conditions, thus The underlying aim is to making the scheme less-stablish whether the scheme attractive and more expensive. Demand dropped. Conditions were eased again but demand has never recovered to earlier levels.

The Government then tight-

As It now stands the scheme allows a borrowsr to take up smaller loans up to that ceiling). The Government guarantees 70 per cent of the outstanding amount to the bank

tants and venture capitalists. They include Nederlandsche Middenstandsbank, Mckinsey.

the management consultancy,

Société Générale of Belgium,

Digital Equipment (Europe)

and Harvard Business School.

The foundation is calling

for academics to submit papers on the theme of

of the loan to cover the higher risk.

While the present consultants' study has already shown that the scheme could help bank managers over the difficulties they face in judging small business proposals, many banks claim they have nowintroduced their own loan schemes which make the LGS

 One suggestion made in an interim report produced by the consultants is for the banks to introduce new finan-cial instruments which would allow them to obtain higher rewards if the business is a success. One idea it proposes is for the customer to give the bank a guaranteed share of its banking business.

Charles Batchelor

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for academics to submit 15 the subject of an internapapers on the theme of Emerging European Growth Companies. It will provide research funds of Ecu£4,000(£2,800) to each researcher whose proposal is accepted.

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Publication date 22 March 1988 Copy Date 8 March 1988

The Financial Times proproses to publish this Survey on the above date.

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MAKER. Family company, South Midlands, for sale due to retirement. Turnover £4 million. Profits before tax circa £70,000. For further details places sophy to Bux H3132, Financial Tests, 10 Camen Street, London ECAP 48Y

J. FLACK LIMITED

The Joint Administrative Receivers offer for sale the business and assets of J. Flack Limited. The company is involved in the wholesale distribution of electrical

Principal features of the business include:-

- ★ Distributorships for several major manufacturers ★ Leasehold premises in London and Cardiff
- Access to fully trained and experienced Stock with a book value of £700,000
- Order book of £200,000 at 15 February 1988 Unaudited turnover for the year ended 31 December 1988 £4.7 million

Extensive customer lists covering London, East Anglia and South Wales.

For further information please contact:-

John Talbot or Peter Yeldon Arthur Andersen & Co. P.O. Box 55, 1 Surrey Street, London WC2R 2NT Telephone: 01-836 1200

Telex : 8812711 : 8311133

Saltcoats, Ayrshire The business and assets comprising a caravag gade of Sandylands Leisure Estate Limited are for sale as a going Concern by the receiver, Mr A in Districtions.

Sandylands Holiday Park

Substantiol recent capital investment in major leisure projects. at Sandylands and in Salicoats has revitalised the locality as a leading West of Scotland leisure resort.

- 42 acre site
- Long lease
- 560 pitches (410 statics) Planning consent for 120 further pitches
- Heated swimming pool Adjacent to long sandy beach, golf course, boating take
- Close to Ice-rink and indoor swimming poof For further details contact: A R D Jamieson or G I Bennet, Price Waterhouse, 28 Drumsheugh Gardens, Edinburgh EH3 7RN. Telephone: 031 225 4242. Telex: 727434, Telecopier: 031 225 5352.

Price Waterhouse



Kolpak Refrigeration (UK) Ltd

(IN RECEIVERSHIP)

The receivers ofter for sale the business and assets of this Corby-based manufacturer of refrigeration equipment. The principal teatures are:

- Fulf order book with prestigious customers.
- Current annual turnover over £1.0m. · Recently installed specialist plant.
- Skilled workforce at 40.

 Modern leasehold premises over 20,000 square feet. Interested parties should contact the receiver R J Rees at Victoria House, 76 Milton Street, Nottingham, NG1 3QY, Telephone: 0602 419321, Telex: 377621; Telecopier: 0602 472660.

Price Waterhouse



FREEHOLD INVESTMENT PROPERTY Central Manchester

The Joint Administrative Receivers offer the freehold property owned by Connaugh Properties (North West) Limited. Principal features comprise:

*12,800 square feet, comprising basement and four floors * Extensively refurbished within last few years * Prominent corner position, virtually fully let

★ Street parking at meter bays, ample public car parks in close proximity For further details please contact: Peter Terry or Philip Ramsbottom

with annual rental of £75,000



7 Tib Lane, Manchester M2 6DS Telephone: (061) 832 4221 Telex 668265 Fax (061) 832 7265 (Groups 2/3)

Salmon Farm

One of Scotland's largest salmon farms is offered for sale as a going concern by the Receivers. Facilities in Argyll include hatchery and seasite capable of producing in excess of 2,000 tonnes per annum, together with purpose-built handling and office building. Highly skilled workforce of 45 have invested significantly in refining techniques.

For further information contact: John Readman, Joint Receiver, Arthur Young, George House, 50 George Square, Glasgow G2 1RR, Tel: 041-552 4994

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niajur retail customers For further details, contact Adrian Woods or David J Corney, the Joint Administrative Receiver at Deloine Haskins & Sells. Edmund House, 12-32 Newhall Street, Birmingham B3 3DX or telephone

Q2I-200 2829; Fax 021-200 2829;

Telev: 337839.

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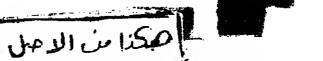
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Michael Pegg 0272-237575 or

Eve/weekends 0272 743431

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Businesses For Sale

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THE THE THE

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1988 to estimated at £1m with £200,000 net profit after expenses. Most customers are Blue Chip and Export. The Company has the benefit of an international Designer Name Licence.

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Hill House, I Little New Street, London EC4A 3TR. Telephone: 01-353 8011.

PROFITABLE COMPANIES WANTED

We are a roadium sized, diverse fully listed PLC. We have expended significently over the last few years through a policy of both orga-inorganic growth and are looking to continue with this strategy. You will etmost certainty be the principal shareholder/manager of a private company, probably, but not exclusively, in manufacturing, who has developed business with a firm base and a good profits record. You will want to capitall on this effort whilst still retaining management responsibility and sharing in

If the idea of joining a group dedicated to corporate and personal growth appeals to you, then contact us in confidence. All replies will be forwarded unopened from:

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Box H3129, Financial Times, 10 Cannon StreetLondon EC4P 4BY

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TO OWNERS/DIRECTORS OF INDEPENDENT

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Hunan Technical Imp. & Exp. Corp.

Date: 10th-16th March, 1988. Time: 9.00 am to 12.00 pm. 1.30 pm to 5.30 pm VENUE:

LOCAL ORGANISER:

Sunry Import & Export Co. Ltd. 76 St. Helen's Gardens. London W10 Tel. 01-968 4251

A \$100m guarantee for British, Australian and New Zealand clearing activities has been finalised as part of the internal Investments Board, though rec- ICCH is however, introducing a reorganisation of the Interna- ognition has not yet been previously-planned risk manreorganisation of the interna-tional Commodities Clearing granted.

One of the purposes of ICCH's allow better monitoring of House, which celebrated its centenary yesterday.
The explicit guarantee, put

previously provided by the banks - the main clearers hold 20 per cent each of ICCH and guarantee through a method Standard Chartered and Royal yet to be defined in discussions Bank of Scotland each have 10 with a panel of oix people rep-

The reshuffle has divided and firms.

ICCH into four operating dividing to the control of the co sions with discrete manage-ments. The guarantee will supclearing house division, which acts as counterparty to every trade on London futures and options markets. The guarantee

Kong Futures Guarantee Corporation which was at the centre of the problems in the territory's markets during the October atock market crash. ICCH has a stake in the Hong Kong corporation and operates it, but these activities are outside the scope of the new guarantee.

Though it had problems in Hong Kong, ICCH's activities are outside the scope of the new guarantee.

Line US.

US regulators and the Chicago Board of Trade, whose members operate their own clearing Corporation, the largest US clearer of guarantee arrangements when options, contribute according to their usage of its facilities.

Though it had problems in Hong Kong, ICCH's activities are outside the scope of the new guarantee.

reorganisation was to define cross-market risks. banks although some of it has been covered by reinsurance, replaces the implicit harmonic banks although some of it has been covered by reinsurance, replaces the implicit harmonic banks although some of it has been covered by reinsurance, replaces the implicit harmonic banks although some of it has been covered by reinsurance, replaces the implicit harmonic banks although some of it has been covered by reinsurance, replaces the implicit harmonic banks although some of it has been covered by reinsurance, replaces the implicit harmonic banks although some of it has been covered by reinsurance, replaces the implicit harmonic banks although some of it has been covered by reinsurance, replaces the implicit harmonic banks although some of it has been covered by reinsurance, replaces the implicit harmonic banks although some of it has been covered by reinsurance, replaces the implicit harmonic banks although some of it has been covered by reinsurance.

Mr David Hardy, managing

director of the clearing house division, said the basis for charging might be similar to the present one, under which firms forego interest on the first options markets. The guarantee does not, however, cover the Stock Exchange'o Traded Options Market.

It does back clearing operations in Sydney and Auckland, but not those of the Hong Yong Futures Guarantee Corner to the Stock Corner to the Stock

The clearing house is due to elsewhere held up well during be deemed a Recognise Clearing the crash, with increased calls House by the Securities and for margin being met promptly.

The reorganisation of ICCH followed widespread concern in London markets about its efficiency and costs, resulting in the establishment of an advi-As part of this thrust, members will be charged for the guarantee through a method yet to be defined in discussions with a panel of oix people representing the major exchanges the establishment of an advisory committee in 1986 headed by Mr John Barkshire, who was appointed non-executive chairman. This discussed several courses of action including the possible sale of the ICCH to exchanges or clearing members.

It was agreed, however, that banks ohould continue be the owners but should provide the guarantee explicitly and for a fee. An implicit guarantee of forego Interect on the first amounts of margin they put up. He said, however, that charging minate size was felt to be explicitly for the guarantee of the would not produce greater costs for members than the present system.

As a measure of the guarantee of increasing strength and indeterminate size was felt to be anachronistic, particularly in view of the globalisation of the markets with London exchanges seeking links with the US.

Scots set up salmon board

By James Buxton in Edinburch

SCOTLAND'S salmon farmers have established a marketing in Brusse board to promote their product in the UK and overseas marthreat to

Marketing Board has been formed by the two organisations of salmon farmers in Scot-land, the Scottish Salmon Grow-ers' Association and the Shetland Salmon Farmers Association. Between them they represent about 140 companies operating more than 300 farms through

out the Highlands and Islands of Scotland. They account for over 90 per cent of Scotlish salmon production with a cur-rent annual turnover of £100m. Output from the Scottish salmon farming industry ia growing extremely rapidly. It reached 13,000 tonnes in 1987, reached 13,000 tonnes in 1987, and is expected to grow by 60 per cent in 1988.

The marketing board, based in Perth, will have an initial annual budget of £1.2m. The aim is that members will contribute 2 per cent of thair

annual turnover to it.
The Highlands and Islands Development Board will con-tribute 20 per cent of the 1988

Stabilisers herald CAP reform

one European Community dip-lomat yesterday described the package of agricultural stabilia-ers finally nodded through yes-terday by EC Foreign Ministers

Notwithstanding France's threat to re-open negotiations in the dying stages of the heads of government meeting in Brussels, that image may accurately reflect the general absence of controversy since the ill-fated Copenhagen Summit in December. But It unfairly belittles the importance of the changes in importance of the changes in the long-term context of Com-mon Agricultural Policy reform. The agreement covers seven

farm sectors:
MILK - The milk quota system, introduced in 1984, is increasingly seen in Brussels as one of the major successes of CAP reform. In 1985, for example, the dairy sector swallowed up around 30 per cent of the EC's around 30 per cent of the EC's total agricultural budget but latest projections suggest that this will be down to 23 per cent by the end of 1988.

Yesterday's deal confirmo that quotas are here to stay, at least until March 31, 1992 (three years beyond the end of the present five-year period). Significantly, however, the European Commission did not get its way on its proposal to make permanent the 5.5 per cent quota suspension which was negotiated under the British chairmanship of the Community in December 1986. "This

The board will advertise salmon on TV in the south of England, carry out retail promotions in the UK and France, motions in the UK and France, England, carry out retail promotions in the UK and France, and try to develop axport opportunities in the US.

munity in December 1986. "This was a sember states. The final agreement refers some what of indicated yesterday. "We didn't accept it at first when it

A 4-WEEK strike which crip-pled Guyana'a sugar indus-try has ended, but tha unione representing the industry's 16,000 workers and further stoppages are likely, writes Canute James in Kingston Jamesca

m Amgston, Jamaica.

The workers struck to support claims for production incentives equivalent to eight days' pay. The atate-owned Guyana Sugar Corporation, which runs the industry, offared three daye' equivalent. The unions have since moder-

in Kingston, Jamaica.

THE SEVEN dwarfs' was how was included in the Danish the "effective restriction of one European Community diponet yesterday described the package of agricultural stabilistic oldes it was quickly clear that submit draft terms of reference are finally needed through yesterday agricultural stabilistic oldes in the Danish the "effective restriction of import volumes" but the Councillation of the package of agricultural stabilistic oldes it was quickly clear that submit draft terms of reference are finally needed through yester and the package of agricultural stabilistic oldes in the Danish the "effective restriction of import volumes" but the Councillation of the package of agricultural stabilistic oldes in the Danish the "effective restriction of import volumes" but the Councillation of the package of agricultural stabilistic oldes in the Danish the "effective restriction of import volumes" but the Councillation of the package of agricultural stabilistic oldes in the Danish the "effective restriction of import volumes" but the Councillation of the package of agricultural stabilistic oldes it was quickly clear than a submit draft terms of reference are finely package of agricultural stabilistic oldes it was quickly clear than a submit draft terms of reference are finely package of agricultural stabilistic oldes it was quickly clear than a submit draft terms of reference are finely package. we were not going to win".

Member states also insisted

that the compensation payments made to farmers whose quotas are suspended should be higher than those originally tabled by the Brussels executive. They have now been set at Ecu 10 per 100 kg for 1987-83 and 1988-89; Ecu 8 for 1989-90; Ecu 7 for 1990-91 and Ecu 6 for 1991-92.

SHEEPMEAT - A guaranteed threshold for the Community of threshold for the Community of 44m ewes has been fixed, with a specific quantity (18m head) pose a major challenge for set for Great Britain (not including Northern Ireland). Where the EC flock exceeds this figure, the so-called basic price will be reduced by 1 per cent for each 1 ner cent over. run. The effectiveness of this stabiliser, however, is open to stabiliser, however, is open to question, given that the premium paid to producers is calculated as the difference between this basic price and registered market prices. It is possible that if price reductions are triggered, the premium to farmers and thus Community support for this sector will not

fall correspondingly. A strong emphasis during the negotiations, meanwhile, was placed on third country imports, with New Zealand lamb a particular target for

support for this sector will not

for negotiations with third countries as soon as possible.

WINE - This is one of the most complex agricultural regimes supported by the Community and opinion in Brussels la divided on whether the changes made by member states represent a toughening, or a watering down of the Commission's original proposals. What does seem certain is that the aim of establishing a link between "grubbing up" and compulsory distillation will pose a major challenge for

between 7m and 8m hectolitres of unwanted alcohol in storage and the high rates of productiv ity in Italy and Spain expected to add to existing output pres-sures, the wine-induced hangover for those managing the budget in future years promises to be painful.

two production levies are insufficient. Quotas will be main tained at their present level for 1988-89 and 1990-91. TOBACCO - The Commission's original plan for a maximum quantity of 350,000 tonnes for

the Community has been revised newards to 385,000 tonnes for three years. The price penalties have also been considerably softened so that within a limit of 5 per cent for the first year and 15 per cent for the second and third years, the intervention price and premium will be reduced by 1 per cent for each 1 per cent production over-run-

The main arguments now will be to decide how to break this up by tobacco variety, taking into account that the EC's main problem is growing too much of the poor qualities and not anough of the good ones. Carrent policy of discouraging the one and encouraging the other will almost certainly be reflected in the forthcoming price proposals.

price proposals.
COTTON - Nothing new was proposed or adopted in this sector but the existing stabilises will be maintained. WILD REMINISTREES.
FRUIT AND VEGETABLES.
The Council agreed that thresholds should be introduced for
quantities eligible for interven-SUGAR - In spite of strong lobbying by the West Germans, the Commission's proposal for this stabiliser has emerged from the Council unscathed. The main objective is to ensure that the sector is self-financing on an annual basis. Thus there will be a supplementary levy, applied retrospectively, to ensure a coverage of the deficit each year if the proceeds from the suggestion of the proceeds from the suggestion of the council agreed that thresholds should be introduced for intervention and that if over-rup, the basic and buying-in prices should be reduced for the following marketing years. Decident of the following marketing the management committee procedure (where member states are represented) according to market situation.

Pakistan harvests record cotton crop

BY MOHAMMED AFTAB IN ISLAMABAD

PAKISTAN achieved a records cotton crop of 8.5m bales (raw) in the 1987-88 season, government statistics show.

This lays to rest earlier speculation that the country's crop would fall to 7.5 m bales from 7.7m in 1986-87, and that it might not be able to fulfill its export centracts.

The larger crop will help Pakistan to boost foreign exchange earnings in a year when the Government is trying to expand its exports for all major commodities. Cotton, along with cotton products, is the country's biggest foreign exchange earner.

has come about as a result of three factors: campaigns to control pests and to ensure that only the best quality seed is used; arrangements to underpin growers' returno by setting fixed minimum prices at which they can sell to the Government if open market prices are not favourable; and stricter grading and quality control, which helps Pakistan to produce and

The Pakistani textile industry is expected to consume 4.4m bales of cotton this season, but the rest will be available for export. The international market had remained firm up to last August, when it reached 80 cents a lb, but the price has fallen gradually to around 62 cents a lb as a result of fluctuations in foreign currencies and slow demand growth in the

western countries which are Pakistan's main customers.
Pakistani cotton exports in the second half of 1987 totalled 820,000 bales, worth \$178m, according to the Cotton Export the country's biggest foreign exchange earner.

What agronomusts are calling Pakistan o "cotton revolution".

Corporation. In the whole of 1986-87 (July/June) they totalled 3.94m bales, worth only \$466m.

Alexander and the second		
Aluminium standard	+3.450	to 23,825
Aluminium high grade		to 24,475
Copper	+6,350	to 55,525
Lead	+350	to 19,200
Nickei	-262	to 2,754
Zinc	-50	to 41,350
Tin	-25	to 19,165

Close

Previous High/Low

Indonesia strives to keep pace with sugar demand

INDONESIAN SUGAR officials will have taken more than a passing interest in the performance of Tina Turner promoting Pepsi Cola in Jakarta last week. Like the raunchy US rock star, Indonesia's sugar industry is also trying to boost soft drink sales in an effort to raise per capita sugar consumption, which is still well below the

expensive imports.
According to Mr Karmanta
Halim, head of planning at the Indonesian Sugar Council, the Government remains committed to sugar oelf-sufficiency. Planted acreage is being increased and old mills reno-

vated.

In addition tenders went out last year for iovestment in three new mills in the islands off Java. A local Chinese company has already agreed terms for one mill, a \$120m (£70m)investment in South Sumatra, to process 100,000 tonnes of raw cane a year. It should be on stream by 1991.

This year, however, the Government will again need to import sugar — about 120,000 tonnes it says — largely to off-

drink sales in an error to reach per capita sugar consumption, have made Indonesia an appear capita sugar consumption, have made Indonesia an appear which is still well below the tive market for overseas suppliers in recent years. Having self-sufficiency tries.

Its first task, however, is to raise production to match the current consumption level and so to eliminate the need for match the raw sugar in 1986, and officials have confirmed that at least one smuggled cargo. of 10,000 have confirmed that at least one smuggled cargo of 10,000 tonnes of refined sugar, entered the country in that year.

London traders believe Indo-

nesia may have to buy as much as 400,000 tonnes on the world market this year, although that has been denied officially in

Bulog, the Government's food

ated their position, saying the equivalent of four days' the equivalent of four days pay will be accepted. They sald, however, that, if no settlement was reached, they would take what they described as "positive

action".

The Sngar Corporation said the strike had affected production, but gave no fig-

The industry has set a

intensive, appear more attrac-Sugar, perhaps more than

other commodities, is ouffo-cated by government regula-tions, which extend from cane-growing through to the retail stage. About a quarter of the stage. About a quarter of the 320,000 hectares now under cane is rented by the sugar duced, or an annual total of mills from the Government. The rest is planted by smallholders on their own land, normally under arrangement with the mills.

Bullet the Covernment's food

ing mill costs and taxes. The system has succeeded in hold-ing prices steady in real terms for over 5 years, but at considerable cost. The World Bank, in at current exchange rates and economic prices, Indonesia loses

logistics agency, sets a ceiling per hectare on Java, compared price, based on the ex-mill price with 5.5 tonnes elsewhere. to the wholesalers and includ- According to the World Bank

problems with harvesting and transportation. Despite attractive labour costs the unit cost of Indonesian ougar remains one of the world'o highest. The picture has not always been so grim. In the 1940s Indo-

240,000 to nne target for this year, following actual ontput last year of 221,000

ocen so grim. In the 1940s Indonesia was the world's second largest sugar exporter, after Cuba. The industry then employed 500,000 people, producing 3m tonnes of sugar every year. But production has slumped since then; mills have fallen into disrepair and the Government has had to rely heavily on imports As recently heavily on imports. As recently as 1981 Bulog imported a record 768,000 tonnes, which at the time was about a third of Indonesia'a total needs. Bulog has responded by

Bulog has responded by actively supporting prices, to reduce the import hill, and in a bid to match production with rising consumer demand. But its operating deficifs, largely the result of stock build up, have grown steadily, sustained by off-budget state bank credits. Today Bulog still holds astock estimated at 900,000 tonnes.

yields have actually declined over the past decade, because of low sucrose content and rently account for more than 20 per cent of total outstanding loans to the agricultural sector. but for only 3 per cent of farm crop output. On top of this, irrigation la heavily subsidised although much of the empanded acrease is on rain-fed areas in acreage is on rain-fed areas in the outer islands.

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Problems are most acute on Java, which accounts for 70 per-cent of the land under care. Here cane production is rigidly enforced to meet the demands of the sugar mills, despite what are often better returns to farmers from other crops. The World Bank estimates that shifting sugar cultivation to rice would increase direct farmers by the property of the pr Incomes by over Runiah 160bn (£52m) every year at present prices

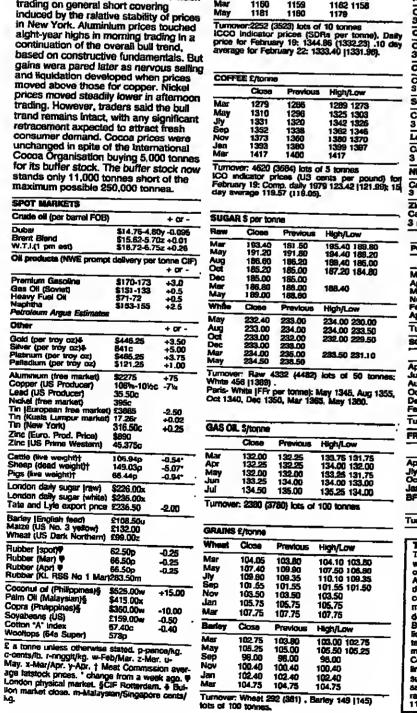
prices.
In January farmers from Central Java complained to the Sugar Council, calling for a higher official price. Farmers say increases have not been sufficient to keep pace with prices of other commodities; particularly rice, the main staple. But the official Indonesian sugar price is already above the sugar price is already above the world market level. At Ruplah 467.5 a kg it equates to 12.7 DS The World bank has been 8.5 cents a lb compared with about.

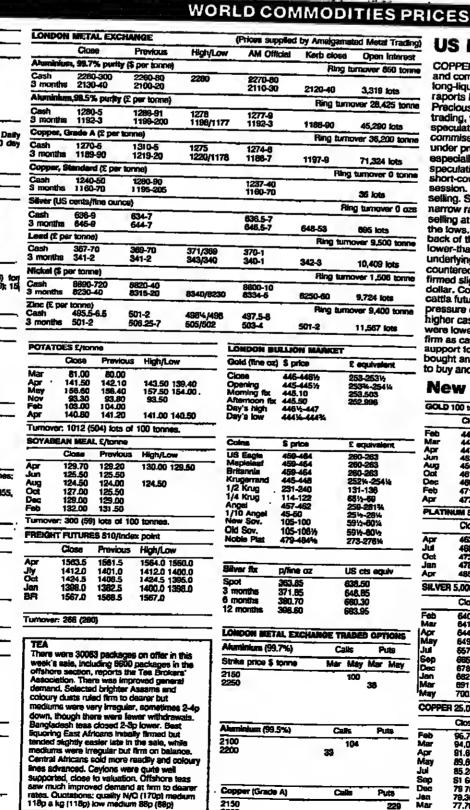
LONDON MARKETS

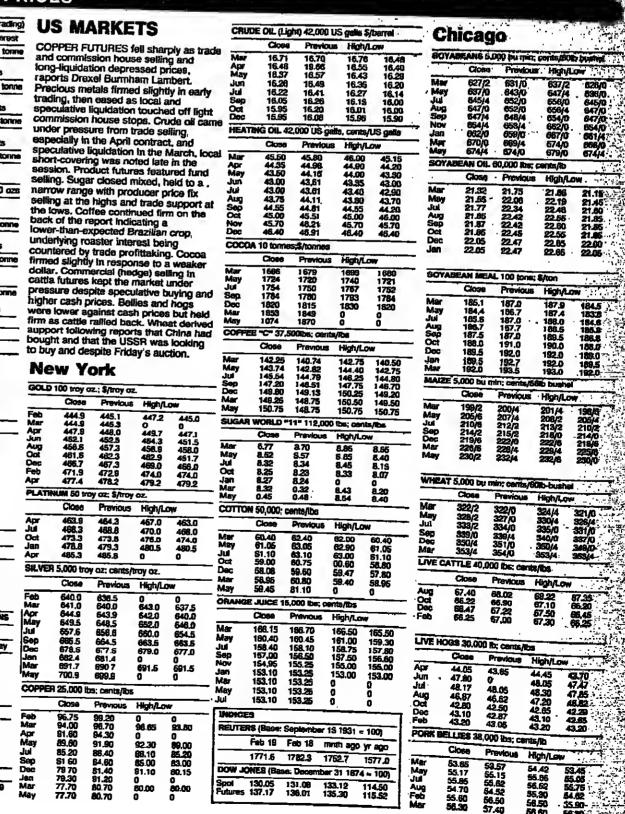
COPPER PRICES fell sharply yesterday, with cash metal adding a fall of £40 a tonne to last week's fall of £80 a tonne, closing al £1,272.50. The market recovered from earlier lows in afternoon trading on general short covering induced by the ralative stability of prices in New York. Aluminium prices touched alght-year highs in morning trading in a continuation of the overall bull trend, based on constructive fundamentals. But gains wera pared later as nervous selling and liquidation developed when prices moved above those for copper. Nickel prices moved steadily lower in afternoon trading. However, traders said the built rand remains letters with trand remains Intact, with any significant retracement axpected to attract fresh consumer domand. Cocoa prices were unchanged in spite of the International Cocoa Organisation buying 5,000 tonnes for its buffer stock. The buffer stock now stands only 11,000 tonnes short of the maximum possible 250,000 tonnea.

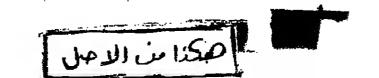
Crude oil (per barrel FOB)

	<u> </u>		
Dubar	\$14.75-4.8	30v -0.095	_
Brent Bland	\$15.62-5.7	Oz +0.01	
W.T.I.(1 pm est)	\$16.72-6.7	5z +0.26	
Oil products (NWE promp	t dellugar pa	Ionne Cit	_
- Francis	r commonly ho	+ 07 -	,
Premium Gasoline	\$170-173	+3.0	
Gas Oil (Soviet)	\$131-133	+0.5	
Heavy Fuel Oil	\$71-72	+0.5	
Naphtha	\$153-155	+2.6	
Petroleum Argus Estimator			
Other		+ or -	-
Gold (per troy oz)#	\$446.25		- 1
Silver (per troy oz)\$	841c	+3.50	
Platrium (per troy oz)	\$485.25	+5.00	1
Paffadium (per troy oz)	\$121,25	+3.75 +1.00	- 1
		+1.00	_ :
Aluminium (free market)	\$ 2275	+75	-,
Copper (US Producer)	108%-10½	C -7¼	- 1
Lead (US Producer)	35.50c		- 1
Nickel (free market)	395c		•
Tin ¡European iree marke	t) £3885	-2.50	
Tin (Kuala Lumpur market		+0.02	
Tin (New York)	316.50c	+0.25	- (
Ziric (Euro. Prod. Price)	\$890		-
Zinc (US Prime Western)	45.375c		
Cattle (live weight)	100.00-		. ī
Sheep (dead weight)†	105.94p	-0.54*	7
Pigs (live weight)†	149.03p	-5.07*	
	65.44p	-0.94*	٠.
London daily sugar (raw)	\$226.00x		
LONGON CERV SUGAR (white)	\$235.00x		. =
Tate and Lyle export price	£236.50	-2.00	1
		-2E.QU	
Bartey [English teed)	£108.50u		٠.
Maize (US No. 3 yellow)	£132.00		G
Wheat (US Dark Northern)	£99.00z		
Hubber Ispot/	62.50-	2.0-	Ž
Rubber (Mar) ♥	62.50p	-0.25	_
Rubber (Apr) ♥	66.50p	-0.25	Ñ
Rubbar (KL RSS No 1 Mar	66.50p	-0.25	Ĵ
	1283.50m		Š
Coconut of (Philippmes)§	\$525.00w	+15.00	N
"aim Off (Malavsian)&	\$415.00×	713300	
Opra (Phytopines)§	\$350.00w	10.00	J
Soyaheans (US)	£150.00m	-10.00	N
Cotton "A" index	£159.00w	-0.50 .	B
Noottops (64a Super)	57.40c	-0.40	_
	578p		M









CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

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Mand

Chart based selling hits \$

Reserve Board.
The dollar fell to DM1.6955
from DM1.7070; to Y129.20
from Y130.05; to FFr5.7350 from FFr5.7700; and to SFr1.3900 from SFr1.3990. On Bank of England figures the dollar's index fell to 95.0

from 85.4. STERLING - Trading range

E IN NEW YORK

STERLING INDEX

CURRENCY RATES

because of continuing trade imbalances, Dealers will be looking for any further remarks on the subject from today's Humphrey-Hawkins testimony before a US congressional committee by Mr Alan Greenspan, chairman of the Faderal Reserve Board.

Take index 149,1 against 146.7

Japanese officials suggesting that trade imbalances may lead to another dollar fail. There were no other factors, and no repeat of comments at the end of last week that the trading. The US currency closed dollar would soon reach Y132, at DMI.6970, against DMI.7060 previously. Earlier in tha day drifted down to Y129.95, from the Bundesbank did not inter-

EMS EUROPEAN CURRENCY UNIT PATES

	Eco central rates	Amounts against Ecu Feb.22	% cklange from central rate	% change adjusted for divergence	Divergence Unit %
Beiglan Franc. Danish Krone German Q-Mark Franch Franc Dutch Guilder Lish Punt. Lipilan Lira	. 42.4582	43,2192	+1.78	+0.99	±1.5344
	7.85212	7,89037	+0.49	-0.30	±1.5404
	2.05859	2,06622	+0.37	-0.42	±1.0981
	6,90403	6,98533	+1.18	+0.39	±1.3674
	2.31943	2,31946	+0.01	-0.78	±1.5012
	0.768411	0,775766	+0.96	+0.17	±1.6684
	1483.58	1521,14	+2.53	+2.18	±4.0752

Changes are for Ecu, therefore positive cha

Feb.22	Spread Des's	Close	Only (medical)	83.	Three	94
5	1.7510-17655	1.7645-1.7655	0.30-0.27cm	1.94	1,02-0,97pm	2.25 0.55 4.99 1.04 0.50 0.50 5.10 -2.23
14(3(1)	2.2308-2.2467	2.2450-2.2460	0.11dis per	-0.29	0.37-0.25cm	0.55
etherlands .	3.35-3.364 62.43-62.69	3354-3364 6250-6260	22-5cm	17.55 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	41 ₇ -33 ₆₀ m 58-37 ₀ m	2.77
Manark	11.401-11.441	11.434-11.444	Dag-Lorens	044	21-3-rpm	0.50
eland	11211-11240	1.1230-1.1240	0.08-0.11045	-101	0.23-0.2945	-0.93
Gernotity	2.9012-2.999	2.984-2.994	112-10/200	5.01	412-37-00T	5.60
rtuga	2431-246	2441-2451	103-1670#5	-6.62	261-36366	-5.10
250	200.54-201.52	201_10-201_40	29-550Ms	-2.50	92-132m	-2.23
dy	2198-2204	2203-2204	par-Stineds	1.36	1-11ds	155 171 171 432
way	11.244-11.31	10.113-10.124	37g-51eerres	4.84	12-141-01	-329
MICE -	10.611-10.651	10.644-10.654	1-11-months	137	31-21-06	1 44
130	2274-22812	22712-22812	11-lane	14.65	11-2-00	480
stria	20.94-21.03	21.00-21.03	87-7-gropes	471	24	.4.71
statyland .	2.4412-2.454	2441-2454	13-11-com	7.03	45-4mm	7.03

			-	DOLLA	R SPOT- I	FORWARD	AGAINST 1	THE I	DOLLAR	
Feb.22	Sank take	Special Descring Rights	Chase Ch.	Feb.22	Day's spread	Close	One month	PA.	Three	Ä
S Dotter S Dotter Anadiga 5 — Journal Beh John Frant John Fra	STANSER FAS	0.772597 1.35010 1.75244 16.1793 46.2998 46.2998 2.58999 7.79532 16/8.47 176.065 8.69127 154.994 8.19416 1.84301 1.84301	0.671145 1.21400 1.2635 43.2120 7.89057 2.84622: 2.8462 2.	Portogal Spina Icaly Nervey France Sweden Jobel Applia Swegerand	1,0015-1 9145 35:40-35:70 4:7-4:513 1384-139 114-00-114-64 1246-1256 14-04-424 5:73-5:764 129-11-129-95 11.894-31-943 1.3965-1.3965	1.76-65.1 7655 1.5700-1.5710 1.7700-1.5710 1.9025-1.9035 25.40-71-6481 1.890-1.399 1.415-114-22 1.2902-1.2485 4.804-4.604 5.731-5.734 4.804-6.039 1.2915-1.292 1.2905-1.3905	0.30-0.27cpm 0.10-0.05cpm 0.16-0.19cph 0.42-0.40cpu 5.50-0.30cpm 0.50-1.15crets 0.45-0.43cpm 85-115crets 2.40-2.90krets 1.45-1.80crets 0.25-0.43cdn	-0.73 -2.68 2.73 2.76 5.03	1.02-0.97pm 0.46-0.40pm 0.53-0.35eb, 1.30-1.27pm 9.00-1.00pm 2.65-3.33eb, 1.43-1.45bs 1.30-1.250ab, 1.30-1.250ab, 1.25-1.156b 1.25-1.156b 0.30-0.31pm 0.00-7.00pm 1.71-1.64pm	2.2 1.1 1.7 2.6 0.7 1.8 3.3 7.1 2.5 2.5 2.5 2.5 4.8
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CURRENCY MOVEMENTS EURO-CURRENCY INTEREST RATES

	Bank of	Morgan "							
Feb.22	England Judex	Guaranty Changes %	Feb., 22	Short term	7 (keys paties	One Mogth	Three '	Sh	Ore Tear
Sterling U.S. Dollar Landdan Dollar Candidan Dollar Austrias Schiffling Belgium From Bengish Krone Degische Mark South Franc South Franc South Franc South Franc	74.5 95.0 79.3 140.2 100.5 93.5 149.1 177.8 137.8 117.8 239.3	192 -114 -117 -40 -228 +228 +230 +156 -115 -191 -191 -191	Starting US Boller Con. Boller G. Gorider Sw. Franc Dessechage Fr. Franc Lighun Lav B. Fr. Fao S. Fr. Gon.] Yes G. Krose	85 60 45 75 15 5 4 5 15 6 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	# 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	8495 ALECT 445 AND	STATE STATES	engin.	STATE OF THE PARTY
Margan Guiranty 1982-100, Batte of E 1975-100)- Rales are	MARCHE PARTICUL	(Base Average	Long term Eurod	PA-64		cont three i	64-64 ears 84-84 pe		

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Feb. 22	3	5	EXCHA	NGE	:R055	RATI	ES	•					
Argentina	10.3430-10.4570 2.4430-2.4460	5.8800-5.9300 1.3900-1.3910	Feb.22	3	5	DM	Yes	F Fr.	S Fr.	H FL	Cira	CS.	E Fr.
Freeze	164.50-165.25 7.2240-7.2420 234.20-241.15	93,4200-93,8970 4,1190-4,1210 134,90-137,30 7,7915-7,7935	Š	0.567	1.745	2.993 1.6%	228,0 129,2	10.12 5.734	2.453 1.390	9.358 1.903	2204 1249	2.246 1.273	62.55 55.46
Hong Keng Iran . Korsal Styl Kuwali	13.6775-13.6945 119.55 1337.40-1350.00 0.46700-0.48750	745.10-771.30	DM YEN	0.334 4.386	0.500 7.741	קרק ז	76.18 1800,	袦	0.820 10.76	147	736.4 9667	1,651	20.90 274,3
Malaysia	4.5385-4.5500 4029-25-4084 00	35 40-33 50 2,5860-2,5880 2290,00-2300 00	F Fr. S Fr.	0.988 0.408	1.744 0.720	2,958 1,220	221.3 92.95	10.	2.424	3.318 1.369	2178 898.5	2.719 0.926	61.81 25.50
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Yen per 1,000: Freuch Fr. per 10: Line per 1,000: Belgine Fr. per 100.

MONEY MARKETS

OTHER CURRENCIES

London rates ease

the strength of the pound on the foreign exchenges.

Three-month interbank fell to 94.9% p.c. from 94.94 p.c., but dealers remained cautious about the general outlook on the level of UK wage settlements and high bank lending.

The Bank of England initially forecast a money market surplus of \$250m, but revised this to a shortage of \$250m at noon, and then the \$300m in the afternoon. Total help of \$234m was provided.

UK clearing bank base landing rate 9 per cent from February 2

Before lunch the authorities bought \$13m bank bills in band occupit 13m bank out in dand at 8% p.c. in the aftermoon the Bank of England purchased unother \$21m bills, by way of \$7m bank bills in band 3 at 3% p.c., and \$14m bank bille in lead 4 at 8% p.c. Late assistance of \$200m was also provided.

Bills maturing in official thands; repayment of late assistance and a take-up of Treasury bills drained \$294m, with bank bulances below target absorbing \$35m. These were outweighed by Exchequer transactions but dealers do not believe the central bank wishes to drive key interest rates higher, and with therefore ease pressure with an offer of a new securities pact today, at an unchanged rate of 3.25 p.c., for either 14 or 28 days.

interest rates eased on the London money market, encouraged by an optimistic CBI industrial trends survey and the strength of the pound on the foreign exchenges.

Three-month interbank fell to 94.9% p.c. from 9%-9% p.c. from 9%-9% p.c. part of this by selling Y1,500bn of 60-day financing bills, under a repurchase agreement, maturing April 2.

tions were not particularly comfortable, but call money remained at 3.40 p.c., on optimism that the West German Bundesbank will supply liquidity through a securities repurchase agreement this week,

chase agreement this week, End of month pension payments are expected to increase pressure on the system, and the Bundesbank will also drain about DM4bn in the next few days, in repayment of money lent to the market last week viz state owned banks. Much of this month's tightness has been caused by a cut of DM6bn in rediscount quotas, the amount banks can borrow at the Bundesbank's 2:50 p.c. discount rate, but dealers do not believe the central bank wishes to drive key interest rates higher, and will therefore ease pressure with an offer of a new securities pact today, at an

The fixing rates are the arithmetic masses rounded to the nearest que-theteenth, of the bid and offered rates \$10m quoted by the market to five restrence banks at 11.00 a.m. each working day. The banks are Methon Westinkoter Bank, Bank of Tolog, Desisthe Bank, Banque National de Paris and Morphi Guaranty Trist. MONEY RATES Treasury Bills and Bords
5.38 Three year
Four year
5.82 Four year
6.20 Secret year
6.50 10-year
7.18 30-year

FT LONDON INTERBANK FIXING

(11,00 a.m. Feb.22) 3 months US polipra

120 535 11-15 14-15 14-15 14-11 14-11 125-155 71-77 330-358 71-8 4.50 7.50 F4-94 LONDON MONEY RATES

Year Intertent Offer Intertent Bid Starting CUs Local Authority Bonds Discount Min Dept.

FINANCIAL FUTURES

Long term gilts fall back

THE DOLLAR fell quite sharply, as last week's attempts to break though resistance levels against the D.Mark attempts to break though resistance levels against the D.Mark and Japanese yen aventually succeeded.

Much of yesterday's movement appeared to be in response to chart based trading. Mr Sarry Cook, chiof foreign exchange dealer at Morgan Cornelli International, said the dollar measured with 72.6 six man potential properties by D.1 p.c. the same support. There was compared with 32.0 six months ago.

Sering gained support from support. There was compared with 32.0 six months ago.

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Sering gained support from the some support. There was compared with 32.0 six months ago.

Sering gained support from the some support. There was compared with 32.0 six may be support. There was considered to provide the contract penetrated by foreign weakened noticeably after it breached support. 1.60 cents to close at the day's high of \$1.7645-1.7656. Sterling after it breached whether there we follow there is support. 1.60 cents to close at the day's high of \$1.7645-1.7656. Sterling after it breached whether there we follow there is support. 1.60 cents to close at the day's high of \$1.7645-1.7656. Sterling after it breached whether it breached it be much follow and the support of the support. The support of the supp

LIFFE SHEET STERLIN

Estimated volume total, Calls 182 Puis 235 Previous day's open int. Calls 7109 Puis 4214

LONDON

20-YEAR 12% NOTIONAL GILT ESO,000 32% of 100%

Estimated Volume 40641(41747) Previous day's open line, 29836(27682)

Estimated Volume 141(801)
Prophase day's open unt 3056(3194)

Estimpotel Volume 380(484) Prestock day's open int, 854(815)

Est., Vol. (Inc., figs. tool photon) 6430(10125); Previous day's open ant. 39176(39095)

Est. Val. flac. Dys. not shown! 2390(6049) Province day's open cel. 31636(32514)

Esslement Volume 3722(8632) Pravious day's open ins., 8663(9822)

CURRENCY FUTURES LIFFE-STERLING 225,000 5 per C

Estimated Volume 15(36) Previous day's open by 152(218) POUND-S (PORESEN EXCHANGE)

IMMASTERLINE SE per E

174.90 174.90 172.80 171.30 177.20 176.90 175.05 173.50

91-11 92-11 91-18

1762 1751 1746 1725

-6% MITIONAL LINE TERM LAPANESE GOVT.

0.10 0.30 1.00 2.90 4.15 6.35 8.75

one total, Calls N/A Puts N/A onen inti Calls 355 Puts 544 JAPARESE YEK (MIN) Y12.5m \$ per Y200

0.5881 0.5865 0.5931 0.5915 0.5932 0.5968 - 0.6024 94.29 94.23 93.98 94.29

Company at the top of the recent consoli-dation band. This suggests fur-ther gains towards 90.68/69 according to BZW, before fur-ther resistance is met at 90.74, where upward potential is lim-

March short sterling opened slightly easier at 90.59, and moved between 90.56 to 90.62 before closing in the middle of the day'e range at 90.59, against 90.60 previously.

US Treasury bond futures traded quietly, but finlehed towards the bottom of the day's range, as the dollar fell below DM1.70 and Y129.50.

LIFFE PAS OPTIONS 225,000 (cents per E1)

MORE ABOUT COMMODITIES? The mojor and minor

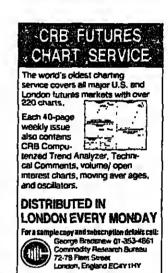
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I,G INDEX LTD, 9-11 GRDSVENDR GARDENS, LDNDDN SWIW DBD Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO FT 30 FTSE 100 Mar, 1394/1406 +24 Mar, 1745/1757 +30 Jun, 1412/1424 +24 Jun, 1768/1780 +29

EWORLD VALUE OF THE POUND

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on US dollar parities and going sterling-dollar rate; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bashers rate; (cm) commercial rate; (ch) operatible rate; (fr) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.

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uniralia	Australians	2.4445	Guinea-Biscan	Peso	1140.75	Pitcairn (slands	r£ Sterfins	1.00
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			Haiti Hondoras	Goode	8.7750 3.5194	Portugal	Escudo	244.75
Sahrais	Bakana S	1.7650	Hondows	Lempira	3.5194	Puerto Rico	U.S. 5	1.7650
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Sherlan	Ngultrum Bollstane	23.10)srael	Shekel	2.7900	St Plerre	French Franc	10.1225
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mush Virgin Islands	U.S.S	1.7650	Janua	Yes	228.00	Saudi Arabia	Rryal	130.10
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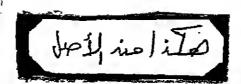
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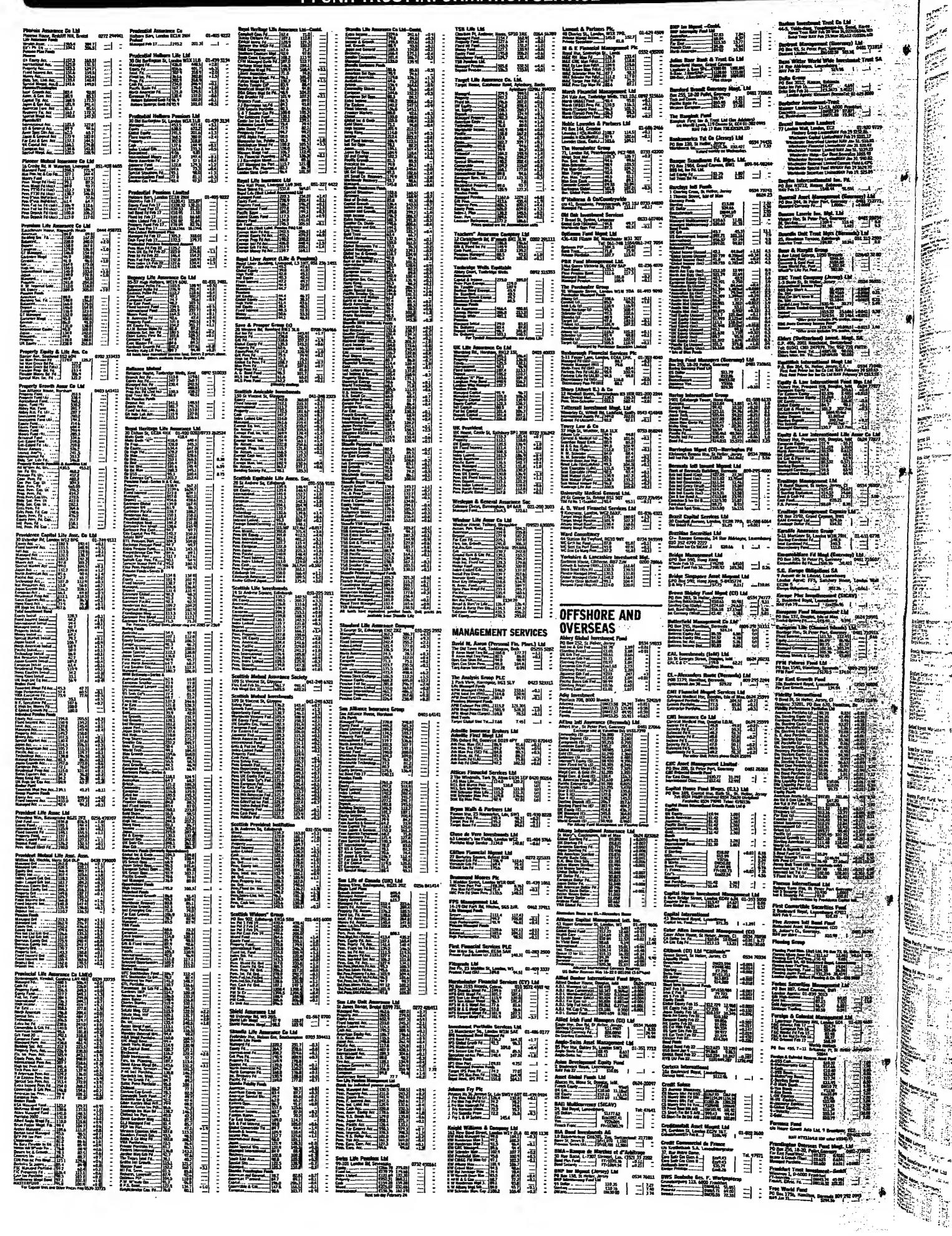


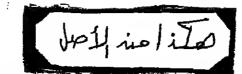
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BANK AND O'SEAS 12 Lightonian premi 1628: 5 January 1628: 5 Premium Life Internations P0 Bez 141, St Peter Port, Gu Batterwork left 94.0 GT Managed Savitus 112.0 GT Managed Savitus 112.0 GT Managed Online 138.0 Henterson Magd Dalle 152.0 01-626 **GOVT STERLING ISSUES** tional Ltd Spring Managed S10.35 13.55ml US Order Managed S13.06 13.45ml 0481 21374 +0.04 10234 + 2 12737 + 2 11034 + 3 10012 + 3 10012 + 3 10013 + 3 Five to Fifteen Years 13.06 1 10.76 10.7 21.86 +0.00 24.14 +0.00 - +0.00 - +0.00 - +0.00 - +0.00 beformalised Selection European Expely For East Engley For East Engley But Kingdon Egaly But Kingdon Egaly But Kingdon Egaly But Hone But +0.02 +0.03 +0.03 +0.03 +0.03 -0.03 **CORPORATION LOANS** 13-36: 1989 | 1954a | 12.83 10.12 | 10915 + 1 10.50 10.42 | 1990-12 | 90-21 - 12.5 | 12.6 | 11.5 | 10.7 | 10.5 | 10.7 | 10.5 | 10.7 | 10.5 | 10.7 | 10.5 | 10.7 | 10.5 | 10.7 | 10.5 | 10.7 | 10.5 | 10.8 | 10.0 | 10.0 | 11.6 | 11.0 | 11.0 | 11.0 | | Stating For Field | Colonia | Colo PO Ber 2153 Nicosta, Copres. **COMMONWEALTH &** Central, HK 1.94 1.94 1.95 1.25 1.25 1.27 1.49 1.26 AFRICAN LOANS 1153 -0.602 3.23 1.792 +0.007 2.07 0.207-d +0.002 12.08 17.16 -0.01 4.35 ### A LOANS The Iodia Find 1262 -0.006 -0.754 +0.001 -23.721 -0.2006 +0.0004 -1.771 +0.01 -1.872 +0.003 -1.7904 -0.002 196 1.467 +0.005 1.70 -0.2 5.33 +0.07 3.38 -2.75 -2.95 1331 1379 1023 1000 5039 5051 Gertruit SA 22 rae de la Cite, 1211 Geneva, Switzeri 22 rae de la Cite, 1211 Geneva, Switzeri Over Fifteen Years ITEE Robert R.V. 153pc 2000-03.... STAMP SITE AND STAMP STA rals, Oils Res. Shrs. Fd. Inc. n 525, St Heller, Jersey 0534 76077 Feb 18 20 210 246 Financial 99 les in Ind 113es de la 90. 1 233 de 72 pc A 1991-94. 901 813 de 72 pc A 1991-94. 901 813 de 9c A 1991-94. 901 853 de 8 pc L = 1 om Fd NV Curacao 130.5 123.0 125.2 130.7 124.1 103.9 84.3 語は Rethschild Asset Management (CI) 10000 +0.002 +0.001 +0.005 +0.006 12:004 ASM-856 CS33.193 DF%2.300 DK/211.431 DM60.617 Ecul7.537 Port Commission Ltd. 1975 (1975) (197 Brown Shipley & Co Ltd Founders Court, Lettbery, Lon Demand Acc. | Description | NICS Europe and Income Find 二缕 Charterbouse Bank Limited 3 Paternoster Row, ECAM 7DH. 5er-ling 800 452 8.48 Mth U.S. Dobar 509 452 8.32 Mth Seminal Banks 259 1.38 2.50 Mth Switz Iranoc. 559 0.33 2.51 Mth Subscript Vers 3.50 2.30 3.31 Mth Citibank Savings St Marins His, Harmersmith Grove W6 01-741 4941 Kony Neeton Pas C1.000-024,999 750 550 7.73 Mm His Marins Marin | Charing Cross | String Cross | Str Co-operative Bank Cheque & Save 79-80 Corolli EC3 550-22-500 5-31 7-30 5-50 7-50 8-7-50 7-50 7-50 8-Girobank plc High Interest Savings 10 Milt Se. 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Winchester Ed Basingstole 0256 846633 C250-72500 0 577 732 Or C250-72500 0 677 732 Or Legal & General (Money Mingra) Ltd 356 Easter Road, NW1 3AG Nya in Dep Acc _______ 797 6.001 8.341b—Nu | Typid2| Inferentional (Jersey) Ltd | Typid2| Inferentional (Jersey) Ltd | Typid2| Inferentional (Jersey) Ltd | Typid2| Inferentional | 28,4 | 21,5 | 21,5 | 23,7 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 | 24,5 Wellington Fid Magrs (Guernsey) Ltd Wellington Fid Magrs (Guernsey) Ltd PO Bon 209, 51 Perior Pt. 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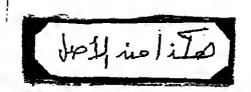
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LONDON STOCK EXCHANGE

THE UK STOCK market, encouraged both by the latest business opinion survey by the Confederation of British Indus-Confederation of British Indus- mented that London securities try and by renewed demand houses also wanted stock to from overseas for British Gov- cover bear positions created by ernment bonds, moved up selling to overseas clients last smartly yesterday, but week.
remained unable to attract significant institutional interest. '92 a

remained unable to attract significant institutional interest. In the Gilt-edged sector, however, buyers hit the market early, taking out more than \$300m of the \$400m transport of the \$100m 2½ pc Index-Linked chatter appropriate on Friday. chettes announced on Friday,

the end of the day. Equities started the new trad-Equities started the new trading account, the last full account before Budget Day, in good form, with the international leaders pushing ahead despite a strong pound. The City responded favourably to the CBI's report from British Industry of buoyant home demand and expanding export order books. But the early mark-up in share prices failed to inspire investors.

An early sain of 10 points in would be at 88%. The performance of the market was slightly erratic, however. Bonds opened with losses of 4, rebounding as the tranchettes were bought, to show net gains of 4 at best. Prices absided in late afternoon, and the market closed weakly with net falls of 4 at the long end and 4 among the mediums. Index-linked, after pursuing a aimiliar trend, ended a touch off on the day.

City responded favourably to the CBI's report from British Industry of buoyant home demand and expanding export order books. But the early mark-up in share prices failed to inspire investors.

An early gain of 19 points in the FT-SE 100 left the Index shying away from the 1760 level. Prices topped off before the close as low turnover levels disclosed the paucity of genuine investment interest.

disclosed the paucity of genuine investment interest.
At the close, the FT-SE 100 index was 17.4 points up at 1747.2. Seaq turnover of 323.9m shares remained at the low end of recent daily trading averages.

Traders expressed disap-pointment with the "pitiful" pointment with the "pitiful" turnover in the equity market, where major indices were distorted to some extent as ex-dividend prices were marked against such leading stocks as Midland Bank, British Petroleum and Grand Metropolitan. The market is still in the ealy stages of the corporate reporting season, which this week features such major names as

fig season, which this week features such major names as ICI, with full year figures on Thursday. British Telecom, third-quarter results on Thursday and Hanson, quarterly statement on Wednesday. While statement on weunesday. While some analysts are hopeful of a pre-Budget rally, others warn that the lack of discernible institutional interest will keep the equity trading range nar-

However, fcars of an early hike in UK base rates, reawak-ened by the latest rise in UK average earning and bank lending figures, receded somewhat as the pound moved above DM 2.99 once more. BZW, in its latest Exchange rate Monitor, argued the likelihood that a rate increase will be postponed until after Budget Day.

In the bond market, two out of the three tranchettes announced on Friday were taken out as soon as they were formally offered to the market.

While some foreign demand was present, traders com-

Yesterday's check in the bond market advance was largely technical, according to market traders. "After all, the market took out \$300m plus of stock on top of two good buying days", commented one dealer at

end are still very attractive measured against other world bond markets, and also against the UK equity market which offers a dividend yield of only around 4.5 pc on blue chip

of the top electronics issues and put on 6½ to 213½p, after 216p, after a turnover of more

reception by dealers who immedlately marked the shares The shares' upward momen-tum was given a further strong

The \$200m of 10 pc Treasury

Treasury '13 also went at 88 %, and the market assumed before backing away again to %, and the market assumed leave bonds with small losses at that the next sale of this stock

on the day.

a large US bank. Yields of 9.4 pc at the long

Racal outperformed the rest

216p, after a turnover of more than 7m shares.

The latest atrength in the share price – notably strong following "new-time" purchases on Friday – followed news that the company is participating in a consortium operating France's first and only analogue cellular radio service. Vickers' preliminary results, showing pre-tax profits of \$252.5m against last time's \$252.5m against last time's \$252.5m and market expectations that had ranged up to \$262m, were given an enthusiastic reception by dealers who imme-

tum was given a further strong boost in mid-morning when analysts returned from the post-figures meeting with the company sufficiently impressed to lift their forecasts for the current year to around \$70m with a handful of the more optimistic brokers going for

Turnover remains thin as equities open trading account with widespread gains

	Feb. 22	Feb.	Feb.	Feb.	Feb.	Year	190	37/88	Since C	netziique
Government Secs	 -	19	18	17	16	Ago	High	Low	High	Low
OURTHIESE SES	89.46	89.50	88,78	88.76	88,47	87.60	93.32	83.73	127.4	49,18
Fixed laterest	95.58	95.33	95.13	95.41	95.35	93.18	(8/5/87) 99.12	C19/10/97) 90.23	(9/1/35) 105.4	G/1/75 50.53
Ordicary 🕈	1396.3	1382.6	1369.4	1396.4	1386.9	1556.9	0.5/6/87) 1926-2	(2/1/87) 1232.0	(28/11/47) 1925-2	C3/3/753 49,4
Sold Mines	263.5	267.3	270.9	268.9	261.7	313.7	C16/7/87) 497.5 (4/8/87)	(9/11/87) 241.7 (4/2/88)	CL6/7/87) 734.7 CL5/2/83)	43.5
Ord. Div. Yield	446	435	449	400	440	969	14.0077	S.E AC		(26/20/7)
Earnings Ykl. %(full)	11.28	11.39	11.29	11.22	11.32	8.57	1	S.E. AC	Feh.19	Feb.18
P/E Ratio (net)(*)	10.84	10.73	10.82	10.89	10.79	14.30		argains		
SEAQ Bargains (5pm)	24,151	26,331	23,488	21.671	20,740	53,092	Equity Barre	ies	127.2	177.0
Equity Tornover (Em)	-	1105.07	1380.43	1141.23	1007.54	1401.01	Equity Value 5-Day averag		2233.6	2790.2
Equity Bargaios	- 1	30,073	27,314	25,189	23,998	67,380	Gilt Edged B	ercodos	1193	1189
Shares Traded (adl)	- 1	395.4	411.6	347.3	308.1	588.3	Equity Barga Equity Value	ies	170.0 2183.0	160.5 21.22.9
♥ Opening 10 a. 1387.1		11 a.m. 1 397 .0		p.m. 96.1	1 p.m 1397.		2 p.m. 398.2	3 p.m. 1397.2	4 p.	.m. 6.6
Basis 100 Govt. S	es 15/10/	Day's	High 13 a. 1928, 0	98.5	Day's	low 138	 26.3	. 1074 4 811	<u> </u>	

around \$71m. At the close Vickers shares showed a uet gain of 10½ at 167p.
Graud Metropolitan, the drinks and hotels group, were effectively unchanged as the market expressed disappointment with the £80m sale price for the 700 UK pubs. One or two market pundits thought the pubs could fetch \$130m.

Grand Met considers the sale ties house Morgan Grenfell issued a recommendation for clients to switch out of the stock and into Lloyds.

Composite insurances were firmer ahead of the first of the important results from the sector – those of the Royal group – expected on Thursday.

Analysts continued to wax confident on prospects for the Drinks sector but investors

The banks were mixed with dealers awaiting preliminary results from NatWest expected today; the latter dipped 5 to 543p as forecasts of the figures ranged from around £730m to £380m. Barclays, reporting on Wednesday. Managed a 5 vain Wednesday, managed a 5 gain at 469p but Midland lost 3½ to 3830 ex-dividend after securi-

around S71m. At the close ties house Morgan Grenfell ures and Persimmon gained 15 Vickers shares showed a uet issued a recommendation for to 154p in reply to an invest-

onfident on prospects for the Drinks sector but investors were slow to heed the advice. Gainness, which began trading in Dublin yesterday after a gap the entertalnments group, Heron International, the property company, and Gibbs Mew the small brewer. Grand Metroplitan closed at 456p xd.

The oil sector took a breather The oil sector took a breather after the intense activity of the past few months. Bid favourite Ultramar showed a turnover of 3.2m, but were held back by selling prompted by adverse.

aelling prompted by adverse
Press mention and closed little
changed at 280p.
BP "new" were unaltered at
64p, ex-dividend, after a turnover of 11m while the "old" settraded option activity fuelled
speculation that the company
that at 242p av dividend on a over of 11m while the "old" set-tled at 248p ex-dividend on a turnover of 2.2m. Switching out of BP into Shell helped the latter move up ½ to \$10½.

The banks were mixed with dealers awaiting preliminary results from NatWest expected today; the latter dipred 10 to 433p as traded option activity fuelled speculation that the company itself attract a predator; and itself a thy with BCI and rose 9 to 242p while Redland attracted a turn-over of some 1.8m shares and moved up 7 to 402p. Marley gained 8 to 150p with securities house Smith New Court reportedly keen buyers.

Baldwin advanced 10 to 95p
awaiting today's half-year fig-

ahead of a Budget expected to include tax cuts.

British Telecom edged np 3 to 243p on a turnover of 7.6m shares with buyers chasing the stock ahead of third quarter results scheduled for Thursday; Flemings are forecasting £580m pre-tax and BZW £580m. But the rise in the shares was restrained somewhat be a

recommendation by James
Dodd of Citicorp Scrimgeour
Vickers for clients to switch out
of BT into Cable and Wireless; the latter raced up 15 to 357p on turnover of 3.3m ahead of on turnover of 3.3m ahead of the announcement of the Chi-nese cable TV joint venture with Hutchinson Whampoa. Buying interest was also sporred by the forthcoming analysts visit to C & W's Hong

ment recommendation.

ICI encountered good support ahead of Thursday's preliminary figures and closed 4 to close at 40p following the emergence of bid speculation. Food Manufacturers attracted selective demand ahead of the forthcoming dividend season which leads off with Cadbury edged up 4½ to 251p, while Hillsdown, preliminary figures scheduled for March 9, weighed in with a gain of 10 at 287p. Securities house BZW rate Hillsdown a buy and forecast profits for the year of \$105m against \$54.9m. Tate "very substantially" below lastyear's figure, but later railied to close at 40p following the emergence of bid speculation.

Food Manufacturers attracted selective demand ahead of the forthcoming dividend seems. include tax cuts.

Marks and Spencer edged up
4½ to 179p in the wake of the
joint venture with Tesco. Woolworth were particularly
wanted, and moved up 8 to
284p. Ward White added a similar amount to 323p after Press
comment suggesting the possible sale of its near 30 per cent

and Lyle, in which Hillsdown
was recently revealed as a
small shareholder, put on 15 to
819p. while old takeover
favourite Ranks Hovis McDongall revived with an improvement of 5 at 325p. Food Retailrefeatured Tesco, up 4 at
152p on a turnover of some
3½m shares reflecting news of 31/2m shares reflecting news of the out-of-town stores joint venture with Marks and Spen-

NEW HIGHS AND LOWS FOR 1987/88

BRITISH FUNDS (1) Transport 3pc "78-88, AMERICANS (1) Premark Int. BANKS (1) Moorgate Marc. POODS (1) Carr's Million, NDUSTRIALS (2) Antier, Mayne Nickless, TRUSTS (1) Assoc-Henriques, OLS (1) Tri-

£105m against £54.9m. Tate and Lyle, in which Hillsdown

Wellcome were once again easily the best performer

among international stocks, the price rising a further 19 to 454p on a turnover of 3.2m shares; buyers continued to respond to latest reports that its anti/AIDS drug Retrovir could be more widely effective on AIDS sufferers, including those infected with the virus but showing to symptoms.

but showing no symptoms.

International conglomerates were given a mild boost by a favourable Warburg Securities review, BTR adding 4 to 260p, BET rising 4 to 246p and Hanson improving a couple of pence to 135p; Hanson's first-quarter figures are due tomorrow. Low and Bouar rose 8 to 228p on the proposed offer by the company for the outstanding 32.6 per cent minority of its Canadian packaging arm Bonarinc. for C\$38.75m. Unflever, Buying interest was also sported by the forthcoming analysts visit to C & W's Hong Kong operations.

Demand ahead of the March 9 preliminary results boosted BICC 11 to 334p, while George H Scholes added 10 to 455p after the 18 per cent profits rise and acquisition of H & L Appleby.

Cambridge Instrument, suspended last week at 43p, were requoted at 34p after the announcement that profits for the year to end-March will be very substantially below las-

stake in the company, while Pilkington gained 6 to 220p helped by traded option business.

A BZW recommendation coupled with press mention pulled in a few buyers of Lucas Industries, up 5 at 602p, while Western Motor moved 10 higher to 468p on newsletter advice of "an investment buy with possible quick short term gains to be made ahead of the results in April".

made ahead of the results in April".

Favourable weekend mention sent several Newspaper and Printing issues higher. Reed International, a current speculative favourite, rose 6 to 413p while BPP gained 10 to 290p, the latter awaiting tomorrow's preliminary statement. Blemheim Exhibitions put on 10 to 480p and Fitch & Co., recently appointed to smarten up the new Lloyd's of London building, improved to 333p. Elsewhere,

its forecast to \$7.0m. He also drew attention to the very attractive yield on the shares, which closed 10 higher at 185p. Seatchi & Saatchi led the way elsewhere in the sector, rising 13 to 423p while Lowe Howard-Spink spurted 12 to 353p and Geers Gross rallied 7 to 43p. A US report that Bunzing ready to launch a hid for was ready to launch a bid for Seal Inc., at \$12 a share made

little impression on the former, which settled 4 up at 169p. Properties, boosted recently by several bullish sector forecasts, took last week's hefty gains a stage further. Land Securities remained at the forefront, rising 13 more to 514p. MEPC gained a similar amount at 486p, while rises of around 8 were seen in Hammer-son A 546p, and Great Port-land Estates, 304p, Greycoat rose 9 to 341p in response to Press comment, while Kentish Properties gained 9 to 114p

following property sale news.

M & G, the unit trust and fund management group, bounded higher again as financial commentators made known their views on recent developments, laying particular empha-sis on the share stakes dissls on the share stakes dis-closed by domestic and overseas groups. Fresh buying found the market short of stock and M & G raced higher in rela-tively modest trading to close 28 up at 332p; one leading investment house was aggres-sively seeking to obtain stock. Abingworth were also sup-ported and gained 12 to 250n. ported and gained 12 to 250p. News of further expansion in

the Continental citrus fruit and fresh produce industry stimulated Polly Peck and the shares advanced 6 to 298p. Traded option business

improved marginally, the total number of contracts rising to 23,963 comprising 17,407 calls and 6,556 puts. The FTSE con-

new Lloyd's of London building, improved to 333p. Elsewhere, Euromoney Pablicatious gumped 15 to 185p and International Business Communications 8 to 108p.

More O'Ferrall atood out among UK agencies following a bullish review by Mr. Chris Akers of Citicorp Scrimgeour Vickers. Mr. Akers believes the stock deserves a higher rating and has upgraded his 1987 prof-

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Philippin ...

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FT - ACTUARIES INDICES

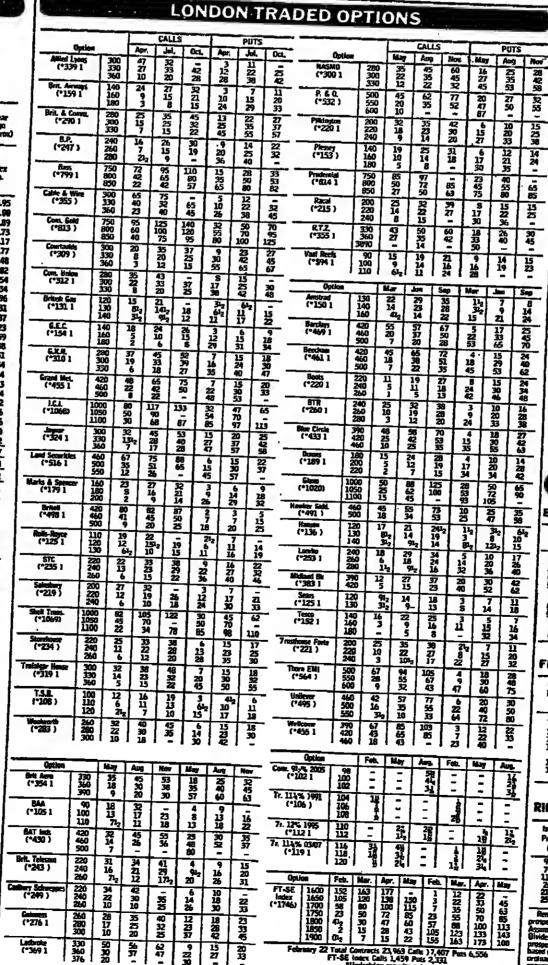
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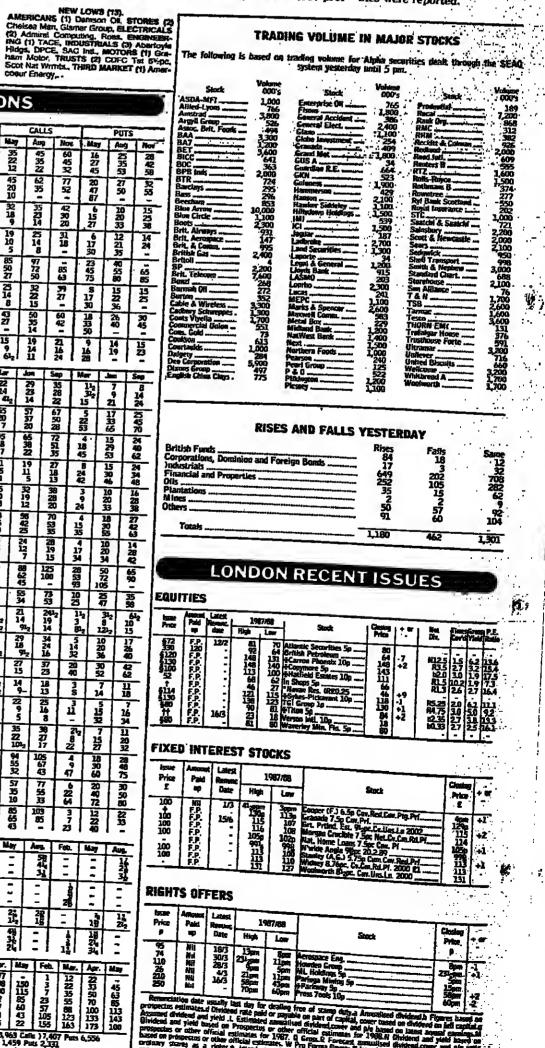
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	7 Motors (13).				276.8	_,	14.0	10.0		89	12.0	-	100	24.4			0.38	433.48
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ž		g (116)	D		1996.5			8.0	_	20	16.7			Z1.99			0.48	860,33
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34	+ 51ores (34)				809.73			6.62			10,97			7.67				576.38 547.51
3	LICALIES (I/).				555.61	#1		9.42			14.23			8.37	889.3			943.54
40		PS (92)			873.25	+1		11.79 10.54			9.78			6.27	552.5			685.94
43	L L Agencies (19)				1084.12			7.24			11.83			16	864.9	9 872	37	968.13
42	- WATHREADS (20	J			1055.97	+1		9.63			17.68 12.75			4.78	1676.2			337.54
45	' Congromerates	1111			1164.26	+1.	_	10.17	4.5		12./5		103	8.08 0.39	1045.50			279.72
47	Telephone Net	ransport	(1D		2809.38	+1.	3	9.24	4.5	_	1418		1120	6.60	1149.70			251,76
48	Miscellaneous	MUTIS (2 (27)			953.61	+1.9		11.29	4.4	-	11.79			6.19	1793.17			885.66
49	INDUSTRIAL	COOUR			1147.77	+0.0	6	13.13	41		9.08	0.4			938.32 1152.69			971.70
51	DU B. Con (25)	GRUUP	(486)		918.06	+1.1	3	9.52	3.8	7	13.24		-	.58	909.25			317,12
59					1743.40	-0.2	2.	9.47	5.6		13.19	20.44			_		_	127.77
		IDEX (S	01)	_	988.63	+1.6	7	9.51	41	-	13.23				<u>1759,92</u>			562,08
61 62		ROUP (1	22)		647.21	+0.5	-	7	_	_		3.59		.77	981.37		15 14	772.12
65	Danks (8)				634.93	-0.2		22.08	4.9			1.61			43.65	648.	84 6	83.41
66	Insurance (Life	1 (81			957.97	+0.4		-	6.18		5.95	3.97	639		638.59	645.	16 7	49.76
67	I COLL				496.64	+1.3		_	5.53		_ (0.00	954		957.83	967.5		61.15
68	Merchant Bank	e (111			878.78	-0.2	1 1	3.78	7.34		9.26	1.30	470 \$80		470.53	495.3		47.89
69					357.74	+0.2	Ι.	- 1	4.22			0.82	337		890.70 336.11	895.1		91.65
70	i yuler rinancial	CMDI			867.72 362.18	+1.7		5.07	2.90	1 2	518	0.99	1049		044.16	337.3 1057.8	-1 -	78.73
71	The strict Line	ts (85)			_	+0.4	4_	9.99	4.44	1	2.62	1,43	380		379.24	380.7	-1 -	73.41 26.91
81					856.76 432.89	+0.8	1 -	-	3.06	\Box		2.02	849.	_	857.02	854.2		6.25
91	Overseas Trader	s (A)		,	024.42	+2.7		0.52	3.95		0.71	0.00	420.		425.19	426.7		2.95
99	ALL-SHARE IN	DEX (7)	L8)		897.74	-0.8	_	0.16	5.27	_1	L65	14.64	1632			1831.6		3.80
				_	077,74	+1.8	Ŀ		4.23	-	. [3.11	889.	_	891.85	897.2	_	5.86
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_	FI		INTE	RES	ST				AVER/ REDEI	VÊE VÎPT	ÉROS ION Y	S IELDS		Me Fe	b l	Fri Feb 19		
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			-~ -	19	+	to	date		Comport		7	5 years			192	8.94 9.20		44
. [British Government	1	1		1 -] 3			2	5 years.				9.18		46

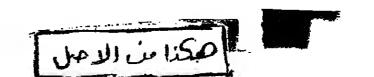
_	F1.	YEU	INTE	REST	-			REDEMPTION Y	TELDS	Mon Feb 22	Fri Feb 19	Year ago Capproz
_	PRICE INDICES	Mor Feb 22	Day's change %	Fri Feb 19	ud adj. today	xd adj. 1988 to date	1	British Governments Low Coupons	5 years	8.92	8.94	8.64
	British Government 1 5 years	122.35 139.68 149.66 165.86	+0.07 +0.03 -0.36			2.00	4 5 6 7 8 9 10	Medium Coopers High Coopers Irredeenables	15 years 25 years 5 years 5 years 25 years 5 years 15 years 25 years	9.19 9.46 9.40 9.26 9.56 9.56 9.30 9.24	9.20 9.18 9.46 9.41 9.26 9.57 9.56 9.28 9.22	9.46 9.47 9.81
8	Over 5 years	116.98 117.41	-0.19 -0.18	124.23 117.21 117.62 117.64	- - - 0.83	0.51 0.67 0.66	11 12 13 14	Index-Linked Inflation rate 5% Inflation rate 5% Inflation rate 10% Inflation rate 10% Dobs &	Syrs Over 5 yrs 5 yrs Over 5 yrs 5 years	2.47 3.83 1.47 3.66	2.44 3.82 1.44 3.65	2.75 3.37 2.05 3.21
_	Preference	86.81	-0.12	87.02	0.13	0.53	17	Lossos Preference	15 years 25 years	10.84	10.90 10.90	10.60

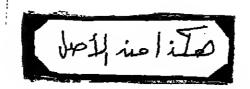
ndex 1732.3; 10 am 1741.1; 11 am 1747.6; Moon 1745.8; 1 pm 1746.8; 2 pm 1748.2; 3 pm 1747.6; 3.30 pm 1745.8; 4 pm 1746.8

Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constitue available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BV, price 15p, by post 32p. NSTITUENT CHANGES: Rank 61₉% Pref. has been deleted. Beazer(C.M.)Hidgs, has changed to Beazer.

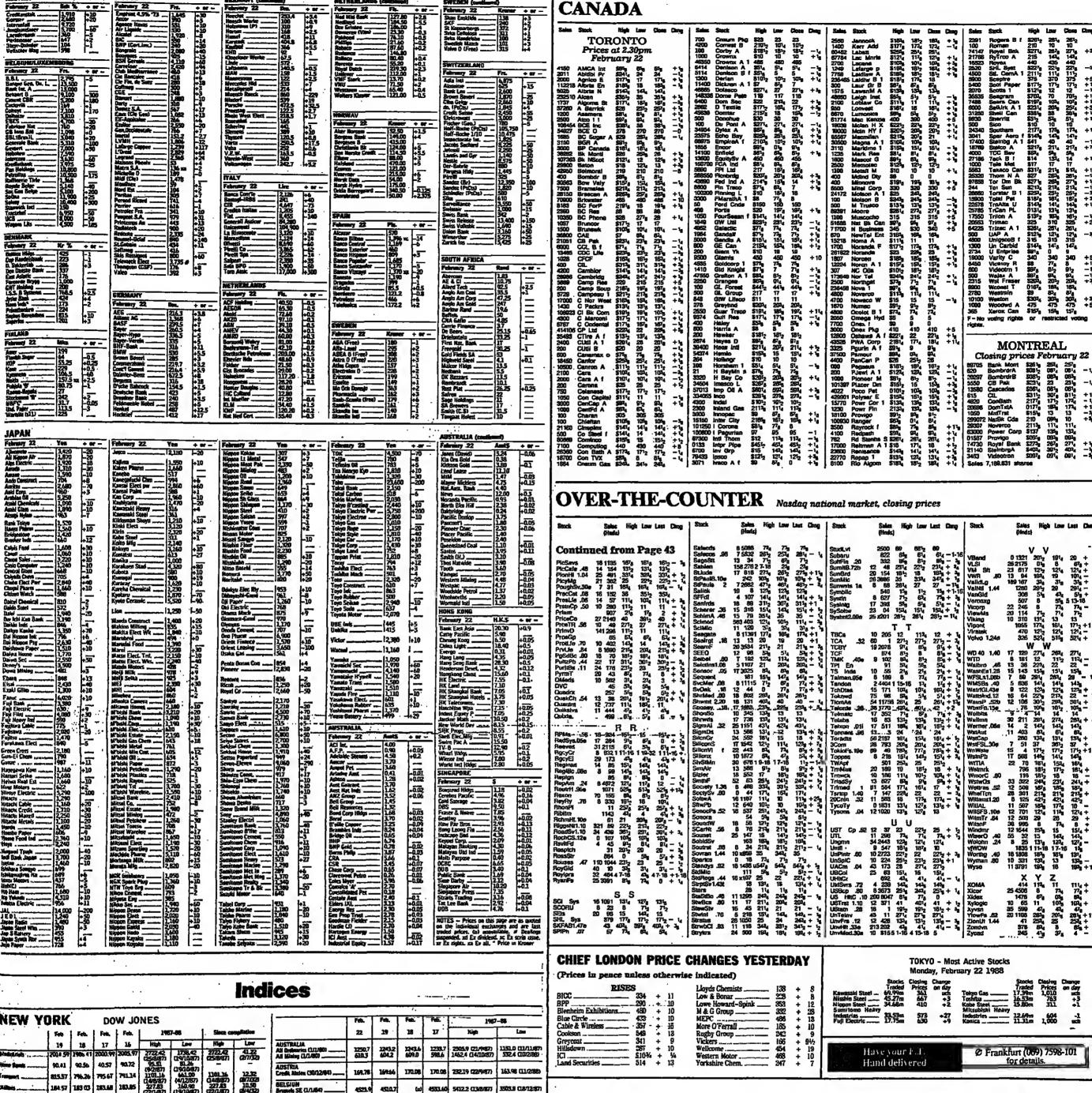








WORLD STOCK MARKETS

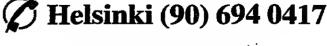


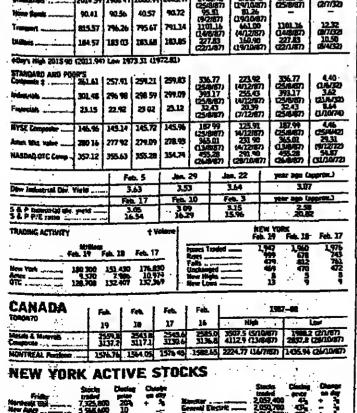
13.3 (291.80) 13.577 281.3 (291.80) 13.1677 396.40 (291.80) 13.07.9 (291.80) 13.07.9 (291.80)

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Associating to

AMSTRALIA AMSTRA	i .)			
AM School (11,1260) 129,77 129,12 129,2 129,5 12		22	19	26 .	17	Nigh	Low
Tender Company Compa	All Ordinaries CLILIBON						
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Concentragers SE CYLEGS 189.19 189.02 189.01 189.16 219.75 229.76 (2278887) 179.06 (2071)827 FIRLAND Unites Greened (1975) 579.7 561.6 581.1 577.1 679.1 (150.0087) 425.2 (57.007) FRANCE CAE General (1975) 109.2 297.5 298.30 288.6 440.4 (26.7887) 251.3 (2971)88) GERMANY 111.7 139.5 109.4 106.5 111.7 (2272)87) 89.7 (2971)88) GERMANY 747 480.0 442.02 442.45 576.34 (67.007) 396.40 (2971)88) HORE KONE 109.2 109.4 139.5 139.3 139.2 206.1 (17.0087) 1297.9 (2971)88) HORE KONE 800.1 (2972) 474.53 471.4 467.26 464.16 767.34 (3014)87) 423.91 (922)89 JAPAN "		4523.9	4510.7	(4)	4533.60	5022 038/67	3505.8 CL8/12/871
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Miles Classor 2008.51 2017.40 2018.52 2018.60 2018.6		4743	472.4	467.25	464.36	76734 (304487)	423.91 (9/2/88)
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0.00 SE (4/L/03)	ANP-CBS General (1970)	229.7 178.2	224.0 178.3				192.2 (JU11487) 147.5 (JU11487)
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M.S. Capital Int. CO.O. 700 (a) 4216 4250 4250 475.9 (278807) 3613 (27.687)		(a)	515.5	927	5199	729.7 (5/18/87)	450.9 (10/11/67)
	M.S. Capital last, CJ72701]					361.3 CAST

Base values of all indices are 100 except Brassets SE = 1,000 JSE Gold = 255.7 JSE industrials 254.3 and Australia. All Grafency and Metals = 500; (c) Consolid Universitable.

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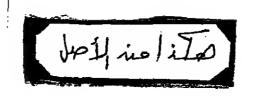
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NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES Closing prices, February 22

NYSE COMPOSITE CLOSING PRICES	AMEX COMPOSITE CLOSING PRICES Closing prices, February 22
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AMERICA

Stocks make strong gains despite dollar weakness

Wall Street

STOCK prices posted strong gains yesterday in moderately active trading, after overcoming a weak start to the session. writes Roderick Oram in New

The advance came in spite of weakness in the dollar and a bond market which was sub-dued ahead of today's mid-year econumic report to Congress by Mr Alan Greenspan, the Federal Reserve chairman.

Alter being about 12 points trial Aversge recovered steadily through the sternoon to come within 0.17 of a point of its January 7 peak of 2.051.89, the highest level since to company, is rumoured the Federal Reserve. He gave a preview of his mid-year report to Congress on the economy last week when he said that the include insurers and the Street in equilibrium. the October crash. It backed away in the last half hour, however, to close at 2,040.29,

up 25.7 on the day.

The rally was broadly based with indices such as the Stan-dard & Poor's 500, up 4.03 to 265.64, and the New York Stock Exchange composite, up 2 to 148.95, outperforming the Dow.

NYSE volume was moderate at 179m shares with advancing shares outnumbering those declining by a margin of atmost three to one. One of the busiest sectors was technology stocks, psiticularly computer and semiconductor makers.

Digital Equipment rose \$5% to \$125%, IBM added \$1% to \$115 %, Motorola gained \$2% to \$46%, Intel advanced \$1% to \$27% and Unisys, which last week forecast a double-digit growth rate for its 1988 earnings, put on \$% to \$35%.
Manufacturer Hanover soared

German bank. It said it knew no wrangling.

price highly volatile. Barney firm on Wall Street. L.F. Rothschild, the small

Wall Street investment dealer, as s sure sign that the Fed fell \$% to \$3 after reporting a would not be easing its interest \$129m fourth-quarter loss and its agreed takeover by Franklin Bond prices have subsequently its agreed takeover by Franklin Bond prices have subsequently Savings of Kansas. The offer is slipped back as hopes for a dis-\$1 in cash plus securities worth count rate cut by the Fed evapabout \$2 for each Rothschild orated.

Allegheny International fell \$1/2 to \$2%. The manufacturer of kitchen sppliances and other household products filed for protection under Chapter 11 of the US bankruptcy code. It in tandem was said, however, that it was con- Wall Street. fident it could keep operating while it restructured its

Eastman Kodak slumped a further \$1% to \$40%. Late on shares. Friday Polaroid, up \$2% to \$30. Mr F Friday Polaroid, up \$2% to \$30. Mr Ed Chateauvert, a stock-said it was suing Kodak for broker with Midland Doherty, over the last week. Leader Bar-\$5.7bn damages for infringing its instant photography patents. A court has already leading."

Industrials continued to bene-fit from a spate of good results over the last week. Leader Bar-low Rand put on 15 cents to R19.75 and SA Breweries was patents. A court has already

\$2% to \$25% on rumours it was found Kodak guilty but the about to receive a takeover question of the size of the damoffer, possibly from a West ages will be the subject of court

reason for its price rise.

Lockheed jumped \$3% to \$42% following the news late \$44% after Shearson Lehman's last week that Mr T. Boone analyst raised his rating of the Pickens, the Texas raider, was aerospace company's stock and said it would probably be willing to discuss takeover offers.

Lockheed has been the frequent ket that he has already built up target of takeover rumours a stake close to that level, which have made its share. Credit markets w

Credit markets were extremely lacklustre with Primerica added \$1% to investors and traders reluctant \$29%. Mr Gerald Tsai, who has to be active ahead of today's down from the opening by mid-morning, the Dow Jones Indis-trial Aversge recovered can company, is rumoured the Federal Reserve. He gave a

in equilibrium.
This was taken by the market

Canada

GOLDS, base metals and energy issues drove the market ahead in tandem with an advance on

The composite index climbed 30.8 to 3,168.0 as advances outnumbered declines by 416 to 364 on heavy volume of 29.8m

Kieran Cooke examines the changing scene on Ireland's buoyant exchange

Guinness returns to find Dublin ahead

igal Son's return yesterday as Guinness, so synonymous with Irish drinking habits, was welcomed back onto the Dublin stock exchange.

The company has not been quoted in Dublin since 1973, when the London and Dublin exchanges were amalgamated, and Irish investors have not been able to buy Guinness shares since imposition of exchange control laws in

The brewer returns to find growth at home has been impressive. Turnover on the Dublin Exchange was up 37 per cent last year over 1986 at 1\$38.16bn.

So far this year share prices are up some 11 per cent in sterling terms against only 4 per cent for Europe as a whole. The President of the lrish Stock Exchange, Mr Kenneth Beatoo, expects turnover to rise substantially as up to 12 new companies seek quotation.

A partial liberalisation of controls now means Irish investors can once again buy into Guinness, which is still considered a national Institution. The share sttracted some small deals but no large volume yesterday, closing steady at 310 Irish pence in

FINANCIAL TIMES

line with London. Exchange officials empha-sise that Guinness remains s British-registered company and Irish investors still have to observe exchange controls. Individuals may now invest up to 155,000 (\$4,460) overseas, but a global national limitation of 1£30m still severely limits the operating arena for the Irish investor.
At home, the Dublin market

includes six companies which account for more than 50 per cent of trading: Jefferson Smurfit, Cement Roadstone Holdings, Waterford Glass, Irish Distillers, Allied Irish Bank and the Bank of Ireland. Good results from these companies can obviously

STRONG gains on Wall Street on Friday helped boost bourses around Europe yesterday, though profit-taking continued

to hold back market rises. Vol-ume was generally moderate to thin, although Paris saw heavy trading on the first day of its

ew trading account.
FRANKFURT was boosted by

strong demand from domestic institutional and foreign investors, with the FAZ index closing at its highest for three months – up 5.07 at 445.07.

Gains in other world stock

markets encouraged buying and the midsession Commerzbank rose 15.3 to 1,364.8.
Equities opened firm and then fell back shortly after midsession on a short wave of professional professiona

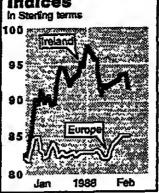
it-taking. But strong overseas demand pushed the market up sharply later in the day, with

blue chips leading the way.
Troubled loxury car maker
Porsche added DM32.50, or 7.4

per cent, to DM472.50, on rumours that Daimler was to acquire a stake. Daimler added DM8 to DM672, but both companies strongly denied the speculation.

PARIS succumbed to profit-

FT~A World Indices



exert considerable influence on the market. When Smurfit took the unusual step apparently to boost confi-dence in their stock and the market - of announcing nine-month figures in January showing profits of IS106m, shares responded buoyantly.
Analysts point to a oew

INTERNATIONAL conglom-

erates were boosted by a favourable Warburg Securi-ties review, with BTR rising

4p to 260p and BET up 4p at 246p. Hanson, which reports

first-quarter results tomor-

Demand was heavy on the first day of the March trading account, which allows investors

EUROPE

Frankfurt hits three-month high

London

Way.

companies of the advantages of the stock market as a source of capital for expansion and development. After a considerable shake-out in recent months, companies are generally healthy, with expectations of increased

Brokers Clticorp Serim-geour Vickers say the pro-spective price-earnings ratio for the market, using expec-ted 1988 earnings, is less than 9.5, comparing well with other European markets.

The Irish Stock Exchange, officially operating as a uni-fied Dublin/London exchange since last year, is having

The exchange, one of the oldest in Europe, started trading at the end of the 18th century and has been in the same building in a central Dublin side-street since 1878. New technology sits uncomfortably in elegant period rooms. The floor itself is more like a ballroom, lit by twinkling Waterford crystal chandeliers.

The old ways survive - a call system still operates with members meeting twice a day on the floor. Members wish to continue the system: they say it proved particularly beneficial during the events of

ferred by the local client. -Exchange officials are hopeful, however, of a fur-ther gradual relaxation of exchange controls between now and 1992:

Black Monday and is pre-

They are also lobbying for atiffer regulations against insider trading: last weekend the minister for industry and commerce, Mr Albert Reynolds, said a Companies Bill to be introduced in the Irish Parliament would make insider trading a criminal

SOUTH AFRICA

A FIRMER financial rand dampened interest in Johannesburg gold shares, leaving thembullion price. Industrial stocks made gentle upward progress.
Among the golds, Vaai Reefs
was off R3 at R257, Hartles lost
50 cents to R21.75 and Freegold
shed R1.75 to R30.50. South
Vaal eased R1 to R121 and

Industrials continued to bene-

Driefontein fell back R1.25 to

Nervous profit-taking trims gains

Tokyo

CONCERN over high prices trimmed some of the market's higher for the eighth consecu-tive day, with buying focused largely on recent poor performers, writes Shigeo Nishiwaki of

The Nikkei average closed up 73.3 points at 24.846.71, after rising close to 25,000 at one stage in early morning trading. The day's low was 24,784.50 and the high 24,949.35.

Advances led declines by 511 to 395, with 156 Issues unchanged. Turnover weakened to 861m shares from last Fri-

day's 1.04bn. The market startly firmly, encouraged by seven days of market gains up to last Friday, when volume exceeded 1bn for the first time since October 23 last year. Purchases by Individuals, investment trusts and

overseas buyers strengthened. But concern over the fast rise set in later, and the afternoon

saw some profit-taking.
Large-capital steels moved relatively steadily throughout the day, helped by firming prices of steel products. Kawasaki Steel was the most active stock, with 70m shares traded. It closed unchanged at Y361 after gaining Y3 st one stage. Nippon Steel firmed Y2 to Y410, Kobe Steel Y1 to Y311 and Nippon Kokan Y3 to Y307. Sumitomo Heavy Industries, fourth buslest with 34m shares, added Y27 to Y573 on investor appreciation of private plant

and equipment investments.

Konica Corp. 10th busiest with 11m shares, ended unchanged st Y1,000 after rising Y30, helped by its strong earnings growth and rumours of share buying by a group of speculators.

board, with Tokyo Electric profit-tsking.

NATIONAL AND RESIGNAL MARKETS

Figures in parentheses

Australia (91). Austria (16)....

Belgium (48). Canada (127).

Italy (94) Japan (457) Malaysia (36) Mexico (141,...

Norway (24). Singapore (26) South Africa (61) Spain (43) Sweden (32)

Europe (9671...

Switzerland (53)..... United Kingdom (328). USA (586)....

North America (713)

Europe Ex. UK (639) Pacilic Ex. Japan (223) World Ex. US (1849) World Ex. UK (2107)

World Ex. Japan (1978)

Power climbing Y200 to Y5,750 and Kansai Electric Power Y60 to Y2,860.

and Yamaichi Securities Y60 to Y1.970.

from last Friday's 6,103. High-technology stocks were generally out of favour as the

Supermarket operators, last

fresh market-moving factors

10-year government bond.

On the Osaka Securities Exchange, the OSE stock average sided 103.72 to 25,209.47 for the eighth straight gain. But volume decreased by 7.2m shares to 122m shares.

speculators. Y2.110 and Sumitomo Forestry
Electric power utilities Y50 to Y1.370, while Joshin
strengthened almost across the Denki slid Y80 to Y2.810 on

Day's Change

+0.4 +0.6 +10.7 +0.6 -0.7 +1.8 +11.7 +1.6 +0.9 +1.2 -3.8 +1.2 +1.8 +2.4 +1.1 +0.8 +1.1

98.90 87.17 121.27 114.76 114.86 87.80 75.65 111.42 71.28 157.08 114.78 136.75 101.87 67.04 104.98 128.46 136.11 109.00 81.07 127.73 108.13

102.62 152.18 132.37

108.48 87.01 93.15 131.74

day helped push shares up, 19.13 to 2,347.17 in thin tradwith the All Ordinaries index closing 7.5 higher at 1,250.7.

Turnover reached a reasonable 128m shares. Worth Among financials, Nomura Securities added Y50 to Y3,770

ASIA

Nippon Telegraph and Telephone rose Y30,000 to Y2.37m on a volume of 9,740 shares, up

yen renewed its rise against the US dollar, making exports more expensive. But Fuji Electric firmed Y9 to Y630, Toshiba Y3 to Y763 and Matsushita Electric Industrial Y30 to Y2.330.

Hitachi finished unchanged at Y1,290, while NEC shed Y10 to

week's strong performers, fell back on profit-taking, with Chujitsuya losing Y160 to Y3,790 and lnegeya Y130 to

Institutional investors stayed on the sidelines swaiting the Ministry of Finance's decision on issue terms for the March

The yield on the benchmark 5.0 per cent government bond due in December 1997 increased slightly from last Friday's 4.33 per cent finish to 4.345 per cent, reflecting speculation that the coupon rate on the debt would be reduced by 0.1 per-centage point from its current 4.8 per cent.

Izumi advanced Y110 to

83.07

73.22 101.87 98.40 97.72 96.48 73.75 63.52 75.31 93.59 59.87 131.95 96.41 116.54 85.57 92.06 88.18 107.90 114.33 68.10 107.90 107.90 90.83

86.20 127.83 111.19 91.12 73.09 78.25 110.66 102.56

102,93 89.08

78.55 117.75 97.34 69.86 107.29 108.13

88.85 125.36 110.82 108.01

77.25 87.52 110.43 109.84

Australia

rose 10 cents to A\$11.10. Takeover target ACl added 6 cents
to A\$4 while its sultor, BTR,
was steady at A\$6.70.
Stronger world sugar prices
helped posh CSR up 6 cents to
A\$3.45 and Brambles added 4

A\$6.70.
The next major events on the
market calendar are the Budget
on March 2 and the start of the
reporting season at the end of
A\$3.45 and Brambles added 4

next week. cents to A\$8.24 before interim results due this week.

Demand for entrepreneurs was also strong, with Adsteam up 10 cents at A\$4.50. indus-3,790 and lnegeya Y130 to trial Equity firmed 7 cents to THE START of the first week's 2,000.

Bonds eased in the absence of to A\$3.13. Bond Corp rose 3 Dragon brought out buyers in cents to A\$1.68 on news of its cents to A\$1.68 on news of its

restructuring.
In resource stocks. CRA
added 12 cents to A\$5.66, WMC
5 cents to A\$7.30. Gold Mines
of Kalgoorlie put on 19 cents to
A\$3.15 and Peko-Wallsend 10
cents to A\$7.20. Peko's merger
partner, North BB, was steady
at A\$2.38.

Singapore and volume picked
up from the quiet holiday levels
of last week.
The Straits Times industrial
lindex rose 11.65 to 901.69 as
last week's rallies in New York
and Tokyo combined with an
easing of political uncertainty
in neighbouring Malaysia to
encourage Interest from small
investors. Turnover increased

Pioneer Concrete lost 1 cent to A\$230, having topped turn-over lists with 19m shares traded. Most came from BHP, which sold its 2.8 per cent hold-ing to help finance the purchase of its own shares. And Pioneer yesterday announced the purchase of US sand and gravet producer Davison Sand & Gravel, for an estimated A\$100m.

FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sacks & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

98.51 86.61 120.05 113.96 115.68 115.70 74.27 88.72 108.47 70.13 155.61 112.34 147.80

100.65 69.67 106.53 103.11 125.95 135.59

107.85 80.40 125.33

100.89 150.80

130.85 107.02

85.70 92.76 130.24 120.69

3.84 0.74

3.46 3.37 4.61 1.78 2.15

83.51 73.42 101.76 98.06 98.06 72.65 62.95 75.21 91.95 59.45 131.91 95.23 125.29 90.30 87.40 106.77 114.93 91.42 68.16 106.29

85.53 127.83 110.92 90.72 72.64 78.63 110.40 102.30

ket ended stronger as investors returned from the Lunar New FIRMER butlion prices and Wall gains in New York and Tokyo.

Street's stronger finish on Friday helped push shares

A\$164m, with rises narrowly outnumbering falls.

Among Industrials, News Corporation, which reports interim results this week, was up 35 Kal Properties and banks led the advance with Bank of East Asia A\$162 and HK\$20.30, Hang Seng Bank 50 cents to HK\$3.30 and Hongkong Bank 10 cents to HK\$3.05. Sun Hung results this week, was up 35 Kal Properties climbed 20 cents to HK\$4.35, Henderson 15 cents to HK\$4.35. Henderson 15 cents to HK\$4.35. AND Cheing Keng 6

Singapore and volume picked

to nearly 23m shares from a minuscule 8m on Fridsy. Lower-priced issues, notably in the food and drink sector. attracted most buying. Retailer Isetan added 20 cents to \$\$5.10

Chuan Hup Holdings was the

Cerebos 16 cents to \$\$4.96, Maiayan Breweries 20 cents to \$\$9 and Kentucky Fried Chicken 16 cents to \$\$2.28.

987/88 High

180.81 102.87 134.89 141.78 124.83

121.82 104.93 158.68 160.22 112.11 161.28 193.64 422.59 131.41 138.99 185.01 174.28 198.09 168.81 136.64 111.11 162.87

130.02 158.77 143.65 137.55 111.97 164.03 143.38 138.82

Currency Index

91.14 76.67 106.13 104.84 102.50 100.31 77.57 65.91 132.06 371.65 92.94 95.84 78.67 117.82 96.87 69.74 106.63

88.03 125.00 110.29 106.55 76.58 87.16 109.89 108.99

Hong Kong

Hong Kong

PROFIT-TAKING pulled shares adding 1 cent to 43 cents on off the day's highs but the mar
North the most active stock, rising 1 cents to 96½ cents on 1.6m shares, and United Pulp and Psper attracted speculative interest, adding 1 cent to 43 cents on off the day's highs but the mar
1.4m shares.

DOLLAR INDEX

72.77 67.78 73.92 93.50 62.99 100.00 93.76 90.07 87.70 66.87 95.51 100.00 100.00

88.50 73.65 99.65 91.21

92.25

92.25 100.00 100.00 91.68 78.89 82.92 100.00 100.00 100.00

Year ago (approx)

109.17 88.74 112.84

120.30 98.34 113.91 133.83

116.56 121.31 103.24 95.28 120.92 116.64

107,53 113.55 111.15 116.76 94.94 108.37 111.51

113.50 113.34

taking after a strong start but still closed slightly firmer in Gruppo Ferruzzi shares, with stocks registering their ninth

consecutive gain.
Shares had opened lower in thin trade, but a L14 rise to L1,124 in Ferruzzi-controlled L1,124 in Ferruzzi-controlled Montedison gave the market renewed strength. The MIB index added 6 points, or 6 per cent, to close at 978.

Ferruzzi Agricola ordinary rose L135, or 13 per cent, to L1,150 and Iniziativa Meta added L380 to L9,600, Brokers said it was unclear who was

row, gained 2p to 135p.

The PT-SE 100 Index closed up 17.4 at 1,747.2 in

very thin volume as the new trading account got under-

account, which allows investors to buy with 30 days' credit. Earlier strong closes in Tokyo and on Wall Street on Friday helped buoy sentiment.

The CAC Index, which closed at 272.94 on Friday, was unavailable because of technical problems, which also hit cal problems, which also hit trading. The market's screenbased trading system opened 15 mlnutes late and then listed said it was unclear who was buying but thought the group Pernod-Ricsrd's price inaccurately, distorting the index.
Lesieur lost FFr137 to and investors friendly to it were in the market. Rumours were also circulating that Fer-FFr1,798 after last week's news ruzzi would soon unveil favourof its purchase by Italy's Gruppo Ferruzzi. Peugeot, able details of its controversial restructuring with Montedison. Carlo De Benedetti's groop

which announced plans to cut 7 per cent of its workforce, added FF135 to FF1979. was largely ignored after strong interest last week and the industrial holding company
CIR fell L73 to L4,647. Olivetti
lost L60 to L8,690.

AMSTERDAM ended a quiet

MADRID closed mixed after
a featureless session in which
the general index eased 0.09
points to 250.56. MILAN closed slightly higher as market attention turned to

day on a mixed note, with the ANP-CBS index rising 0.7 to

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Street Files

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Acte poliution

KLM was the most actively traded stock following a favourable analysis over the weekend of its future pros-pects. A total of 275,000 shares changed bands, and the stock added Fi 1.30 to Fi 34.40. Car importer ARM surged Fl 299, or 60 per cent, to Fl 765 after suspension on Friday, as trading company Hagemeyer said it intended to acquire the

company.

BRUSSELS firmed in moderate volume, with takeover tar-get Société Générale returning

to centre stage.

The group added BFr5,100 oo turnover of 166,750 shares, up from Friday's 127,00. The stock index ended the day up 13.23 at 4,523.93.

ZURICH finished mixed in moderate trading as the lower dollsr kept investors on the sidelines. The Crédit Suisse index eased 2.6 to 443.6.

STOCKHOLM moved - narrowly higher in light trading led by small investors.

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THE BEST ON THE ELECTRIC STREET STREET, A CATALOG

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tive levels. This eighth annual European Financial Conference sponsored by the American Electronics Association (AEA) will attract financial investors from many European countries.

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The World Index (2435) Base values: Dec 31, 1986 > 100; Finland: Dec 31, 1987 = 115,037 (US 5 Index), 90,791 (Pound Sterling) and 94,94 (Local). Copyright, The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd.1987

+1.7 +0.9 +1.2 +1.4 +1.5 +0.4 +1.2 +1.2 +1.2

